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The COMMERCIAL and FINANCIAL CHRONICLE

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UNRRA's Fate?

Its continuance is said to be dependent on LaGuardia and U. S. action.

WASHINGTON, Aug. 28—Whether there is another UNRRA Conference depends in the first place on Fiorello LaGuardia, now travelling somewhere east of the iron curtain, and in the second place on the U. S. Government. The door was was left open at Geneva for another conference.

F. H. LaGuardia

LaGuardia stated at Geneva that he wants to quit, that the job of liquidation does not interest him. Should he quit, there may have to be another UNRRA council meeting to appoint a new director. On the other hand, the matter might be handled by UNRRA's central committee.

If LaGuardia does not resign, he is reported to want another UNRRA meeting to plan important activities for next year. UNRRA procurement for Europe stops December 31, and for the Far East, on next March 31.

If the United States won't make another contribution to UNRRA, LaGuardia will have to be guided accordingly.

To observers at Geneva it was not always easy to know where LaGuardia stood on any question. As one of them describes it, "He was always here and there."

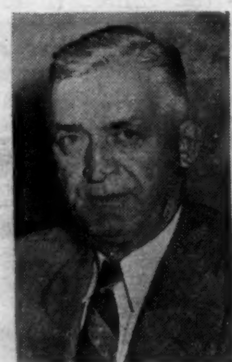
For detailed index of contents see page 1135.

Decisions of the Decontrol Board

By ROY L. THOMPSON*
Chairman, Price Decontrol Board

Mr. Thompson explains functions and limitations of Price Decontrol Board set up by Congress, and gives reasons why meats were again put under price control, while grains and dairy products are to continue free. Holds meats will be in short supply, but that grains and milk are ample and, in period of absence of control, did not rise unduly above ceiling prices. Holds Decontrol Board has no authority to fix prices and that under proceedings established by law the Board can remove from or restore controls to OPA. Admits decision will cause considerable dissatisfaction, but maintains they were made in the public interest. Pleads for patience by laborers, farmers and consumers.

Before I talk to you about the decisions of the Price Decontrol Board I would like to tell you briefly what the board is and what its functions are. Mr. Mead and Mr. Bell, the other two members of the board, are here with me in our office in the Federal Reserve Building as I talk to you. That seems very fitting to me because the decisions we have made are the unanimous decisions of all three men and I hope all the decisions we are called upon to make in the future will likewise be unanimous.



Roy L. Thompson

The Price Decontrol Board is a brand new agency of government. It is not a part of the OPA. In fact, it is not a part of any other government agency. I hope that it is clearly understood for a good many people are writing to the

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*Address by Mr. Thompson over the CBS radio network, Aug. 20, 1946.

The Soviet System: Challenge to International Trade

By CHARLES PRINCE

Soviet, in remaining aloof from International Trade Organization and Monetary Fund, is seen as demanding substantial "price" for cooperation, as we paid England in Anglo-American Financial and Commercial Agreement. Avers Moscow not interested in mitigating unemployment in capitalistic countries. Mr. Prince holds USSR expects to integrate into its State-controlled economic system 10 European, 5 Far-Eastern, and 2 Middle-East countries. Meanwhile Russians are delaying reestablishment of free trade until they can compete with United States and Great Britain. Concludes future Soviet Policy may become less autarchic, as has our's since 1930 Tariff Act.

Why has the Soviet Government declined the American invitation to participate in the proposed International Conference on Trade and Employment? In answering this portentous question, we shall attempt to summarize the Soviet position on the basis of their own published documents and pronouncements.

Charles Prince

It would be inconsistent with some of the basic cores of the Soviet collectivist economic system to participate in the American-sponsored International Conference on Trade and Employment to Russia's ratification of the Bretton Woods Agreements. Elsewhere this writer has analyzed Soviet Russia's attitude toward the International Monetary Fund and the International

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Administration's Anti-Inflation Program

Authoritative disclosure of current Administration's policy indicates means of attacking inflation encompass (1) cutting Federal expenditures; (2) raising taxes; and (3) increasing government receipts, as well as a revised management of the public debt, change in interest rate pattern, and resort to additional government bond issues. Conclusion is no material changes will be made in policies beyond seeking to reduce Federal outlays and retaining present taxes.

In Washington it is learned on the highest financial authority that today the Treasury Department problems are viewed chiefly in the light of "inflationary pressure." Top financial officials call inflation the No. 1 domestic problem. The view is that the public may tire of hearing about it, but it is a persistent cuss.

Fighting Inflation

One of the chief ways in which the battle of inflation has been fought is through direct price control. This method has been attacked on the ground that it strikes at the symptom rather than the cause. That is held misleading, it is argued. Moreover it must be remembered that the usual laws of supply and demand were thrown out of kilter by the simple fact that the people were fighting a war. In fighting the war the nation produced millions and millions of items that did not go to the stores. Meanwhile, total wage and salary payments were at high levels. The controls exercised by the Office

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President Truman and Railroad Reorganization

By ELISHA M. FRIEDMAN, Consulting Economist

Mr. Friedman contends current procedure with bankrupt railroads is "an unmitigated evil," whose reform is opposed by insurance companies and savings banks. In support of equity holders' claims he cites higher reproduction costs, lower interest rates, improved cash position, pending freight rate rise, the delusion of "permanent depression," entertained by political theorists, and fallibility of ICC's earning forecasts. Declares Bill vetoed by President represented synthesis of best elements of Hobbs, Kefauver, Reed, and Wheeler Bills. Cites plea of joint Congressional Committees urging ICC and courts to await prompt passage at next Congressional session of a stronger bill to include the President's recommendations.

I

The President has vetoed the Wheeler-Reed Bill. He agreed with its aims, but the bill did not go far enough to suit him. The President's message disappointed the bill's opponents, who thought it went too far and supported the present Bankruptcy Act. The President said: "By withholding my signature to this bill, **I do not intend to indicate that I favor the pending reorganization plans.**"

Elisha M. Friedman

President Truman's statement recalls the story from the Bible. King Balak, fearing his enemies, asked the prophet Balaam to come and curse them for him. But Balak looked at them and blessed them instead.

The President wishes an improved bill and stated: "I believe that the next Congress can pass a bill which will meet the stated objections and which will be in the best interests of the public, the railroads, the bondholders and other creditors, and the stockholders." Several hundred thousand stockholders will be grateful to the President for thus averting the confiscation of their property.

II

Present "Evil" Supported by Insurance Companies

The present procedure is an unmitigated evil. Yet it is supported by the big insurance companies who thereunder are acquiring control of important railroad systems. The President stated: **"I am familiar with the deficiences and inequities and evils that exist under Section 77 of the present Bankruptcy Act."** These evils exist because the law was hastily passed toward the end of the session in 1933.

The latest debate in the House revealed its inequities. According to Representative Jones of Ohio,

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Holland Invites American Capital

By Dr. W. T. SLEE

Dutch economist explains how World War II has entailed deterioration of Holland's previous highly favorable balance of payments. With post-war deficit probably exceeding 1,000 million guilders, Holland must either liquidate its foreign assets or get foreign capital support. Asserts after Savannah Conference she abandoned plans for foreign securities liquidation and hence requires American investment in her industries. Holds Amsterdam is promising field for American investor, because of reliable industrial management, peaceful labor relations, and sound internal political outlook.

Since the end of World War II, Holland has appeared in the world's leading capital market — the United States of America — as a borrower.

William Slee

Only once before—after World War I—did Holland apply to the U. S. A. for capital. In 1922 the Dutch Government floated a loan of 300 million guilders. The fact that 125 million guilders of this loan were bought by American investors is indicative of the considerable American confidence in the guilder. In 1924 a bond issue of $40 million was sold in the United States, the only Dutch loan in a foreign currency. All of these bonds held for American account have either been redeemed or long since repatriated to Holland.

Borrowing money abroad is very unusual for Holland, as for ages Holland (Amsterdam) has been one of the world's foremost money lenders and the country has largely contributed to the economic development of foreign countries and its own overseas territories, and at the same time to its own wealth.

Holland's balance of payments before the war was a typical example of the balance of payments of a creditor nation: a strongly passive or unfavorable balance of trade, the deficit being more than offset by income from such sources as foreign investments, shipping, banking and other services.

In many countries a passive balance of trade is looked upon with suspicion, an active balance of trade being considered a necessity for a high standard of living for its population.

If this were true, Holland, for decades, would have been one of the poorest countries in Europe. But foreign visitors and students of economic life in the Netherlands must have been impressed with the amazingly high standard of living enjoyed before the war, in spite of the fact that the country's exports seldom covered its imports by more than 70%.

The situation as regards the balance of trade in the decade prior to World War II did not materially differ from the situation in 1920, 1910, or even 1900.

Holland, with wealth acquired during generation after generation in the past, not only had sources of foreign exchange in her national industries but also, in capital investments abroad, silent (or invisible) but effective producers of purchasing power in world markets. Dutch activity abroad or on the high seas also

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Must We Have a Postwar Depression?

By IVAN WRIGHT

Although recalling that in past century an intermediate depression accompanied a period of post-war conversion, Dr. Wright points out some factors in present situation which may prevent a recurrence after World War II. Holds vast shortages of both raw materials and capital goods as well as absence of frozen inventories indicates no immediate depression, but warns unless costs, prices and taxes are reduced, or productive efficiency improved, consumer demands will decline and depression will result. Urges each businessman to forecast accurately and shape plans accordingly.

Dr. Ivan Wright

After each major war in the past 100 years, an intermediate depression lasting from eight months to two years has accompanied the period of reconversion. This depression has appeared with regularity following the fill-up of consumer needs for urgent necessities after each war.

Historic explanations of these postwar cycles will not furnish any proof that we are, or are not, to repeat this intermediate cycle again at the present time.

Conditions are different now, as they have been after each major war. There are still great shortages in housing, motor cars, factory expansion, raw materials, and the prices and costs are being bid up to well nigh the prohibitive levels for mass consumer buying of these goods and services. In many lines consumer goods are adequate and a large supply promises to bring down the prices in the near future — thanks to a good harvest all over the world. Almost all textiles and soft goods are going to be abundant, but the prices and costs in bringing these goods to the consumer remain high and far above

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Many Exchange Members Sure Board Will Reject Incorporation

Feeling growing among partners of Stock Exchange firms that Governors will decide against putting question of permissive incorporation up to membership for a vote. There seems to be little doubt now that proponents of incorporation are very definitely in minority. The "Chronicle" solicits further comment from Stock Exchange members and the partners with whom they are associated for further clarification of the question.

The feeling is growing among the various partners of the Stock Exchange firms that the Board of Governors of the NYSE on September 12 will decide against putting the question of permissive incorporation up to the membership for a vote. There seems to be little doubt now that the proponents of incorporation are very definitely in the minority.

The "Chronicle" a few weeks ago decided to invite the Stock Exchange members and the partners with whom they are associated to submit comment on the question for publication so that the entire industry might have the benefit of their views. The larger the cross-section of opinion has become, the more evident it is that permissive incorporation is pretty much a defeated issue already.

However, there is still two weeks to go before the Board of Governors takes up the matter. There is still time for further clarification of the question. Further comment—both pro and con—is solicited.

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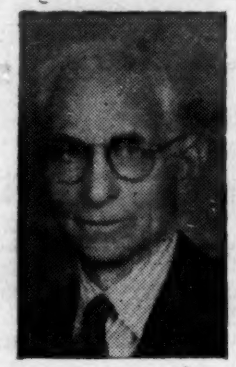
Changed Patterns in Banking and Finance

By A. M. SAKOLSKI

Noting among changes wrought by the war, the new situation in banking and in investment, Dr. Sakolski sees as most significant development the breakdown of central banking functions of the Federal Reserve System. Holds banks are now mere intermediaries in government credit operations and lack sufficient independence to adjust currency and credit to prime needs of business. Decries unnecessary and handicapping restraints on investment banking and security marketing.

Now that the war is over and, barring impediments of OPA and CPA, peacetime conditions are returning, it is appropriate to take stock of the changes in the nation's economy wrought in the last turbulent decade. There have been, indeed, some revolutionary changes in industrial techniques, in labor-management relations, in marketing processes and in the price-making mechanism. But perhaps the most pronounced changes have imperceptibly occurred in the field of banking and finance. The conditions today in our monetary and banking system, in credit conditions, in investment and capital placement operations are in the nature of a metamorphosis rather than an orderly evolution indicated in a normal process of growth and development.



A. M. Sakolski

The Breakdown of Central Banking

Undoubtedly, the most significant change wrought both by the New Deal politics and the World War has been the breakdown of central banking that accompanied the abandonment of the international gold standard.

The United States was the last of the great trading and industrial nations throughout the world to adopt a system of banking based upon a central institution having currency creating powers linked to a national monetary gold reserve. After years of arguments and debate, Congress in 1913 created the Federal Reserve System. It did not supplant the monetary gold standard so long and tenaciously adhered to, but rather supplemented it by providing an elastic currency which would prevent a recurrence of money shortage panics and seasonal credit strains. Theoretically, at least, it was similar to the centralized national banking systems that had existed or were adopted in all the large nations of Europe throughout the 19th Century. It was a practical mechanism for currency and credit control, adapted to normal operations in business, trade and finance. It was, above all things, based upon a convertibility of currency into gold, and central banking activities were largely centered in regulating the movements of gold

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BUSINESS BUZZ

"Er—no—Miss Carter, I'm afraid the little crosses don't mean kisses!"

Business Ready For a Busy Fall Season

Industrial production increasing steadily. Business volume remains very close to the peak and will set a new record this year. Price trends continue upward, but not quite so rapidly. Agricultural prospects excellent with total output above that of any previous year.

(From the September "Business Bulletin" of the LaSalle Extension University, A Correspondence Institution, Chicago, Illinois)

The second peacetime year has begun with industrial production moving steadily upward. Although output in many lines is still lagging far behind demand and considerably below the goals that seemed reasonbale a year ago when hostilities ceased and reconversion to peacetime production began, factories are turning out more goods than in any prewar year. The prospects are for further expansion during the remainder of the year when the seasonal trend is nearly always upward.

Many signs indicate that industry is headed toward higher production which may reach a new peak before it is halted. The first postwar period of hesitation in manuafcturing is now evidently over. It was more pronounced and extended longer than was generally expected because of labor-management disputes, uncertainties as to prices and other measures of control over natural economic and physical factors. The achievements in spite of these handicaps demonstrate the strength and vitality of the economic system as well as the ability and competence of the managers of industry.

Large Demand for Goods and Services

Four characteristics of the current situation are significant in indicating what has taken place during the first peacetime year and they indicate the direction of future trends. They are: (1) enormous demand for goods and services; (2) employment at a new high level; (3) industrial production rising and already at a peacetime peak; (4) shortages of many kinds of goods for consumers, raw materials for manufacturers, and transportation facilities.

The enormous demand for goods

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No Basic Change in Underlying Stock Market Conditions

By S. FROHLICH, of L. D. Sherman & Co.

Ascribing current decline in stock prices to technical position of market, Mr. Frohlich points to absence of liquidation by institutional investors and favorable economic outlook as indicating there is nothing on financial or economic horizon that would suggest the proximity of a depression. Says stock market calls for confidence as well as for caution and discrimination.

An attempt to forecast intermediate stock market fluctuations is sheer folly and those trying to determine top or bottom of a market movement are guilty of a form of conceit. As these lines are written, the market is in the throes of a substantial decline and sentiment has undergone a drastic change. The violent enthusiasm of a few short weeks ago has yielded to considerable pessimism. We hear predictions of political complications, of economic disturbances and of a marked trend toward a more socialistic society. We see no purpose in entering into a discussion of these, as such would lead far afield. No matter what the truth, there certainly has been no drastic change along these lines in the last few weeks.

Siegfried Frohlich

It is well to remember that three factors — and only three — govern the prices of securities. Conditions within the market (technical position), developments outside of the market and basic conditions in industry and trade. As mentioned above, no developments outside the market have taken place which would furnish a basic reason for the price decline. To our mind it is unthinkable that our current controversy with Jugoslavia will fur-

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A Selective Market Ahead

By MAURICE S. BENJAMIN
Senior Partner, Benjamin Hill & Co.

Market economist shows the fallacy of observing "the market" as an entity, and in terms of "the averages." Cites the concurrently bullish and bearish international and domestic factors, with their likely varying impact on specific industries. As confirming the trend toward selectivity, he lists the simultaneously opposite movements of particular stocks since V-J Day.

"Are you bullish or bearish?" My answer to that question gives the impression of me as of a non-existent hybrid animal who is at one and the same time bearly bullish and a bully bear.

Maurice S. Benjamin

This seemingly—though not actually—ambiguous status is necessitated by the secularly changing character of our stock market. Investors, speculators, and forecasters are too prone to continue the traditional practice of looking at "the market" — as a whole. They fallaciously discuss market action in terms of the "averages," overlooking the fact that different sections of "the market" logically should — and do — simultaneously move separately. The extent to which this phenomenon of different stocks moving in opposite directions has recently gone, is vividly demonstrated by the table at the end of this article, covering the post-V-J Day period.

Never before have both the international and domestic situations been so equally balanced as now by bullish and bearish elements. **But—in lieu of permitting this to result in the observer's indecision about the future of "the market" as a whole—the logical conclusion therefrom is that particular categories of companies, and hence the prices of their securities, will correspondingly be affected differently. Hence I cite both constructive and destructive political and economic factors, with their consequent likely respective effects on various classes of stocks.**

General Bearish Factors

There is, unfortunately, much food highly nourishing to the bruin side of me. The main dishes

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Observations . . . .

By A. WILFRED MAY

Communist Diplomatic Brain-Trusting

This column begs to differ most sharply with current "academic" explanations for the obstreperous offensives of Tito. For much comment is heard to the effect that the Yugoslav puppet, in conformity with Moscow brain-trusting, is merely playing a somewhat aimless, cantankerous role with distant ulterior purposes; such as proving to the world that the democracies are decadent, or intensifying American isolationism, etc.

A. Wilfred May

Actually, however, every maneuver of the Soviet and Satellites is being made toward a specific and immediate territorial objective. Thus, the plane-shooting and other Yugoslav offensives against the United States, along with the counter-British and anti-Italian moves, are part of Moscow's master offensive against Trieste; which territory she desperately wants and which "settlement" does not constitute the merest semblance of a satisfactory solution to any one.

Similarly motivated by her most eager territorial aims is Moscow's renewed "ideological" offensive against Great Britain-and-Greece. Despite the fact that the Soviet's identical complaint was thrown out by the UN in London earlier this year, her Ukranian subdivision is bringing it up again—with the same objective. That is, Moscow insatiably wants all the Balkans, the Dardanelles, and the eastern Mediterranean delivered to herself, directly or through her Communist auxiliary countries. With a variety of ideological and political maneuvering—including charges of war-mongering against his former Lend-Leasing Allies, which are dwarfing Hitler to a mere kindergarten student—Stalin will not stop until he has annihilated Greece along with the entire Balkans.

* * *

The Economic War of Nerves

Even all "economic" and "humanitarian" questions of any importance are also being entirely decided according to selfish political motives. Thus UNNRA policies, as highlighted in the Morgan-La Guardia row leading up to the former's ouster, were subordinated to the question of the degree of sabotage by Russian spies. The whole tragic misery of the almost million displaced persons in Germany is being bandied about—not by humanitarian considerations—but by political aims and the pro-and-con battle over Communist infiltration. And the same goes 100% for Palestine, which situation—UN charter and lofty trusteeship aims notwithstanding—will be resolved by nth degree power politics.

That skepticism over the possibility of agreement over *real* economic issues is thoroughly warranted, is clearly evidenced by the complete failure that has attended the long efforts that have been made to agree on the economic clauses of the peace treaties. In the cases of the economic commissions for the Balkans and Finland, not even working rules have been finally settled.

The *reparations* situation most decisively represents a matter which, although economic, nevertheless because of its political urgency, is excluded from the comparative placidity of the idealistic Economic and Social Council. Russia's persistent obtuseness toward the logical handling of this question of reparations has reached the

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Felder & Jaffe to Be Formed; NYSE Member

The New York Stock Exchange firm of Felder & Jaffe will be formed as of Oct. 1st. Offices will be located at 60 Beaver Street, New York City. Partners will be Murray Felder, who is retiring from La Grange & Co. on Sept. 30th, Seymour Felder, the Exchange member, and Ben Jaffe. Mr. Jaffe has been with Link, Gorman & Co., Chicago, and will continue to make his headquarters in that city.

"Can Free Competition Prevent Inflation?"

Four speakers at "America's Town Meeting" in New York on Aug. 22 give their views. Ira Mosher of NAM maintains free competition means "a rendezvous with plenty," but calls OPA controls, government extravagance and present labor policy, a three-headed monster creating a nightmare of inflation. Sylvia Porter, financial columnist of N. Y. "Post" asserts inflation is already here and combats idea that a high level of production is possible only under free competition and denies corporation profits are declining. Prof. Elliott of Harvard sees chaos if all restraints on competition and prices are removed, while Prof. Peter Drucker of Bennington College agrees with Mr. Mosher that in our present position only free competition can prevent a substantial inflation.

By IRA MOSHER
Chairman of Board, National Association of Manufacturers

Ira Mosher

Inflation is like a nightmare—you can't beat it by evading the issue. When you really screw up your courage, and make that determined effort to do something about a nightmare, you succeed. The same goes for inflation.

But, since V-J Day, this nation has strung along with inflation—almost as if we enjoyed the sensation. It has done a lot of talking without really considering the fundamentals.

Before we can answer the question "Can Free Competition Now Prevent Inflation?" we'd better look at this thing called "inflation." What do we mean by the word? What causes inflation? How do you measure it?

A rise in prices does not cause inflation—that is the result of inflation.

Inflation is an excess of money seeking goods that are not available.

The more the money, and the fewer the goods—the greater the inflation.

Inflation is thus largely the handiwork of government extravagance and Federal budget deficits which increase money supplies without increasing the volume of goods to buy.

It is stepped up by any force that tends to decrease the supply of goods.

Throughout the winter and spring months, strikes added their toll to the nation's inflationary

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By SYLVIA PORTER
Financial Columnist, New York "Post"

Sylvia F. Porter

It is cruel and tragic nonsense to debate in mid-August, 1946, on ways to prevent inflation. It is cruel because inflation is here and we only hurt ourselves when we pretend that the danger is still ahead of us. It is tragic because by assuming that inflation is a future threat rather than a painfully realistic problem of this instant, we only add to the befuddlement which already has done our nation so much harm.

Inflation is here! The average family's cost of living has shot up more than 40% since the start of 1941. Between June and July 15, retail food prices soared a record-breaking 14%, the greatest one-month jump in history. The mad, selfish race between prices and wages is on now—with wage increases leading to price increases, which in turn lead to demands for more wage increases, which in turn lead to more price rises. This spiral is inflation. And the question is not whether free competition or any other policy now can prevent it. The question is what steps we still can take to avert a last, wild uprush, a final blow-off that can end only in a disastrous bust.

Repeatedly, in recent years, I have listened to and studied the arguments of the opponents of economic controls — price and wage controls, rationing, subsidies, allocations and the other meas-

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By WM. YANDELL ELLIOTT
Professor of Government, Harvard University

William Y. Elliott

I think we ought to clear up exactly what we mean to discuss. That usually avoids a lot of argument that doesn't meet the point. We are all of us for free competition. We don't get enough of it in normal times. It has to be forced on a lot of business by law. My point tonight is that war - caused shortages still remain that can't be immediately (now) cured by simply taking off all controls. Tax policy and spending are as important as competition. The effects of supplying half the world for war are still here. We still have to pay for them wisely or lose what shirts we have left.

"Free competition" means reliance both for prices and *what* is to be produced only on the play of the market—what consumers are willing to pay for articles, including scarce articles. Free competition alone would mean junking *now* all the government controls that we have just fought back into law. Free competition alone would at the present time knock out not only the OPA and the whole structure of price controls and rent controls that have helped to keep prices reasonable during wartime scarcity for five years. It would also knock out the whole of the priorities system that the Civilian Production Administration gives, e.g. to veterans' housing and low cost goods in fields like cotton textiles. If we relied on free competition alone we would have to throw out the

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By PETER DRUCKER
Professor of Political Economy Bennington College

Peter F. Drucker

I agree with Mr. Mosher that in our present situation only free competition can prevent a substantial inflation. But I think his statement needs a good many reservations and qualifications. And I'd like to make clear that I believe that controls could not work today and could not prevent an inflation not just because I think that controls are always bad but because I am convinced that it is politically impossible today to impose a system of controls that could be effective; all we can do today politically is impose insufficient controls which are much worse than no controls at all.

But even though I believe that free competition can prevent inflation now, it can only work—a point on which probably all of us are agreed—if we get through the next six or nine months without another major strike-wave and without another upward jump of wages. Moreover one very important area of economic life obviously cannot only not be left to free competition but will require a good deal of positive governmental action for several years to come. This area is housing. Also — and this point cannot be stressed too much—free competition will only work if accompanied by a determinedly anti-inflationary financial policy, that means by keeping taxes high and government expenditures low.

But above all I would like to say—and this is directed as much against Mr. Mosher's point of view as against Dr. Elliot—that we are not today in a situation where we have any choice between controls and free competition. Unfortunately, and by our own past sins, we have made controls unworkable and impotent to the point

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Non-Members Invited To Forthcoming Fund and Bank Meeting

Nations whose ratifications are pending, and interested organizations, urged to attend Sept. 27 Governors' conference as observers.

WASHINGTON, Aug. 28 — In order to secure the fullest possible attendance at the meeting of the Governors of the International Monetary Fund and World Bank on Sept. 27, Secretary of the Treasury Snyder today addressed preliminary inquiries leading up to subsequent invitations, to certain important non-members. It is understood that such feelers have been sent in the first instance to the following countries who were at Bretton Woods but have not ratified the Agreement, having until Dec. 31 next to do so: U.S.S.R., Haiti, New Zealand, Liberia, Venezuela and Australia. Colombia, which is a member of the Fund but not of the Bank, has been similarly sounded out.

Preliminary invitations have likewise been sent to the following organizations affiliated with the United Nations: Economic and Social Council, Food and Agriculture Organization, and International Labor Office; and also to the following non-affliated bodies: UNRRA and the International Civil Aviation Organization.

Butler-Huff Opening New Coast Branches

To provide more convenient facilities to dealer and institutional customers, Butler-Huff & Co. has opened an office in the Russ Building, San Francisco, and on or about Sept. 10 will open a second Pacific Coast office at 412 W. Sixth Street, Los Angeles. Walter C. Gorey, formerly Captain, A. U. S. and with 15 prior years of specialized experience in the analysis and sale of bank and insurance stocks, will be in charge of the Pacific Coast offices.

The new branches in Los Angeles and San Francisco will be connected by direct private wire with the firm's other offices in New York, Boston and Chicago, and also—via private wires to correspondent firms—with Cleveland and Philadelphia.

Butler-Huff & Co. act as wholesale dealers only, specializing in bank stocks and insurance stocks exclusively.

Problems of Permanent Peace

By HON. ARTHUR H. VANDENBERG*
U. S. Senator from Michigan

Asserting great trouble in effecting a permanent peace is mutual distrust and suspicion which is engendered by the iron curtain of Russia, and Soviet appetite for proselytizing and propaganda, Senator Vandenberg urges efforts be continued, and despite differences in ideologies, U. S. and Russia should not differ in desire for peace. Holds though United Nations is no panacea, prospects for peace would be black without it. Urges square deal for Russia, with a firm attitude, and points to our Atom Bomb Plan as proof of our good faith. Holds there can be no compromise in respect to the full protection we require.

I want briefly to survey the record in respect to this peace quest upon which we are painfully engaged. It has been my privilege to participate, as a representative of the United States, in four of the last six international conferences where spadework for peace has been under way. I am leaving shortly for two more. I have flown the ocean five times in as many months. Indeed, I was in Europe long enough to get at least an inkling of an understanding of GI Joe's longing for home, sweet home. It is out of this experience that I welcome an opportunity to report to you today. I know of no reason why we Americans should not be entitled to be just as frank in these discussions as are some of our persistent critics across the sea.

A. H. Vandenberg

We want permanent, durable peace with justice. But the job, unfortunately, is easier "said" than "done." We confront urgencies that are paramount. But we also confront obstacles that are serious. I do not propose to minimize either the urgencies or the obstacles.

Peace-at-any-price would be a cinch — if we just continued to sign on the dotted line as we did, under the unavoidable exigencies of war, up to and including Yalta. But Yalta, thank God, is ancient history — though we still have its

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*An address by Sen. Vandenberg before the American Legion, Grand Rapids, Mich., Aug. 17, 1946.

War Profiteering

By HON. JAMES M. MEAD*
U. S. Senator from New York

Chairman of Senate Committee Investigating the National Defense Program points out purpose of this committee is to obtain data for constructive improvement and not merely to criticize and ferret out abuses. Denies defense program has been "shot through with rottenness" and gives story of Garsson case. Criticizes government procurement agencies, and urges nation be kept militarily strong and have an adequate defense program.

Up until V-J Day, our government had spent over $315 billions to equip our armed services and those of our allies for the defeat of the Axis in World War II. We have produced huge quantities of an almost endless variety of weapons and supplies; and, by and large, we produced them in a hurry and in the face of new and unprecedented obstacles.

Sen. James M. Mead

From almost any viewpoint, this has been the most colossal undertaking of mankind. That it was accomplished as well as it was, as soon as it was, as much as it was, is a miracle of economic organization.

For a year and a week, the fighting has been over. No longer are we subject to the rigors and the inevitabilities of the war—the rationing of gasoline, the shortages of manpower, the scarcity of materials, the food ration books, priorities in air travel, and the daily following of the progress of our armies on far-flung foreign fronts, the defeats, the victories, the destruction, and the terrifying casualties.

*An address by Sen. Mead before the Kiwanis Club, Rochester, N. Y., August 21, 1946.

Purpose of Senate Committee on National Defense Program

However, the Special Senate Committee Investigating the National Defense Program conceives it to be a part of the task which it was created to perform to seek to learn from our experiences, from our achievements and from our failures in World War II how best to conduct our national defense during peacetime years. We must be sure that, in the event of another emergency, we will not be caught unaware and we will not have to learn over again the lessons we learned during World War II.

We all would like to forget the war. We all fervently hope that it will never be necessary for this country to become involved in war again. The atomic bomb, high-speed aircraft and guided missiles, and many other, though pos-

(Continued on page 1164)

Patterson Scores Yugoslavia

War Secretary tells American Legion that every American feels a sense of outrage at offenses committed against us by an ally whom we have helped and supported.

In prefacing an address before the American Legion at Lowell, Mass., on Aug. 28, Secretary of War, Robt. P. Patterson boldly denounced the attacks on American transport planes by Yugoslavia. "I planned another beginning for my remarks today," Secretary Patterson began. "In view of the latest news from Southeastern Europe, however, I cannot begin my speech without first expressing intense indignation at the acts of Yugoslavia in deliberately shooting unarmed American Army transport planes with loss of American lives probable in the second case.

Robert P. Patterson

"Every American citizen feels a sense of outrage that a country supposed to be an ally, a country that we aided and equipped in its fight for life, a country that exists today largely because of the great quantities of food and supplies the American people have freely given, should deliberately commit these offenses against us and then try to justify them.

"We do not yet know whether these American planes flew over Yugoslavian territory. If they were in their air lanes they did not. If bad weather or innocent error caused them to leave the lane, they may have flown over a small, mountainous corner of that country. In either event, they were unarmed, friendly planes and there was no possible cause for shooting them down.

"The State Department has made legal and reasonable demands upon Yugoslavia to prevent recurrence of these offenses. These demands, I am certain, have the support of the United American people."

Continuing his remarks, Secretary Patterson said:

"One lesson this nation has learned, I hope, is that in modern war we cannot wait till war begins before raising, training and equipping an Army. That will be too late. We must have trained men, ready to fight at the first sign of hostile action. Let me repeat for emphasis—I say trained men. None other will do. The Minute Man has been revered as the symbol of the patriot ready to defend his home and his country. The essence of the Minute Man's contribution to national defense was his training for the fighting of his day. Many of them had fought in the Indian and colonial wars. All were adept, as hunters and woodsmen, in the skilled use of firearms. Today's Minute Man must have greater, more specialized skill, because of the nature of modern war and the deadly speed with which it can be thrust upon us. I have always maintained and I still do maintain, that Universal Military Training is the only solution to the problem of adequate trained fighting men in time of war. You who have seen war at first hand know the need as well as I. It remains for you to make your voice and your counsel heard, not only to impress that need on your fellow citizens, but to obtain an adequate Universal Military Training program.

"More immediately, your Army needs an adequate force in the present and near future, to fulfill the nation's commitments at home and abroad. It is estimated that as late as July 1, 1947, we shall still need 1,070,000 men under arms. At present, we are obtaining the replacements, for men like yourselves who have given long service, from Selective Service and recruiting. If Selective Service is terminated, our only source of manpower will be the recruits. Up to August 20, we had enlisted more than 900,000 of the required 1,070,000. Out of that number, about 176,000 enlisted for only one year. There is no doubt that many of the new recruits enlisted because they faced induction under Selective Service. In any case, our recruiting program must go forward with certainty."

James Reynolds Gets NLRB Post

James J. Reynolds, Jr., who held a seat on the New York Stock Exchange at 27 and quit later to become a day laborer, has been sworn in as a member of the National Labor Relations Board. The U. S. Pipe and Foundry Company, with which he began as a laborer, appointed him assistant to the President in charge of labor relations in 1942. He served the Navy in a labor relations capacity and was a commander when he went on the inactive list last spring.

Eaton & Co. Formed

SAN FRANCISCO, CALIF.—John Burwell Eaton is engaging in the securities business under the firm name Eaton & Co. In the past he was with Davies & Mejia.

James R. Imhoff Joins A. F. DeFelice Staff

SAN FRANCISCO, CALIF.—James R. Imhoff has become associated with Aurelius F. DeFelice, 145 Sutter Street, member of the San Francisco Mining Exchange. Mr. Imhoff was formerly manager of the trading department for Monasch & Co. and Chapman & Co.

Willard Steckbauer Is With Lester & Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF.—Willard R. Steckbauer has become associated with Lester & Co., 621 South Spring Street. Mr. Steckbauer was formerly with Nelson Douglass & Co. and M. H. Lewis & Co. In the past he was with Griffith-Wagenseller & Durst and Banks Huntley & Co.

Is Our Oil Position Sound?

Senator O'Mahoney and Eugene Holman, President of the Standard Oil Co. of N. J., discuss future of petroleum industry over radio.

Discussing the petroleum outlook over the National Broadcasting Network on Sunday, Aug. 25, Senator Joseph C. O'Mahoney, of Wyoming, and Eugene Holman, President of the Standard Oil Company of New Jersey, endeavored to dispel the fear of an approaching shortage of domestic petroleum supplies. Senator O'Mahoney pointed out that the new law, signed by President Truman on Aug. 8, would stimulate the exploration of public lands for oil and that the Bureau of Mines is engaged in demonstrating how liquid fuel can be made from coal and oil shale, while Mr. Holman, in answer to a series of questions, maintained that although our oil reserves are ample, and will be as great in 20 years as they are today, we must conserve our supply by depending partly on imports.

Eugene Holman

Sen. J. C. O'Mahoney

Senator O'Mahoney in his talk stated that "it was a partnership between the government and the petroleum industry which, as Mr. St. John has so well said, enabled the U. S. to supply the oil that won the war. Now again the government is entering another partnership with the petroleum industry to stimulate research for much needed new reserves of oil.

"The government through the Department of Interior, is the custodian of the vast public domain which in the Rocky Mountain

(Continued on page 1148)

British Colonial Development

By PAUL EINZIG

London correspondent, noting weakening of links of Britain with its colonial empire, reports measures are being taken or contemplated for renewed colonial development in order to increase supply of raw materials and furnish an outlet for British exports. Points out much dependence is placed on private enterprise to accomplish this, but says British Government is ready to take direct action, if private initiative fails.

LONDON, ENG.—Increasing attention is likely to be paid to the British Colonial Empire in the near future by official circles, Parliament, the British Press and the British public. The reason for it is that Britain is on the point of losing the Indian Empire, and the economic links with the self-governing Dominions are likely to be materially weakened as a result of the Bretton Woods system and the American loan agreement. As a result, there is a growing feeling in favor of making the best use of the possibilities for the economic development of what is left of the Empire.

Paul Einzig

The government is expected to announce shortly the creation of a Colonial Economic Development Council, to carry out a comprehensive survey of the economic resources of the Colonies, and advise on their economic development. Some such survey has been long overdue. But until the wartime shortages of raw materials compelled the government to interest itself actively in problems of increasing production in the Colonies, the matter was left almost entirely to private initiative, and there was no centralized plan for the utilization of the vast resources of these territories. When in 1941 Mr. Harold Macmillan, one of the leading economic experts of the Coalition Government, was appointed Parliamentary Secretary to the Colonial Office, it was with the object of speeding up the economic development of the Colonies for the purposes of war requirements. On taking office, he requested one of the senior permanent officials to obtain for him figures concerning the production of rubber, tin and other strategic materials in the Colonies. "We have no such figures. The Colonial Office is not

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Philip Murray Reproves Decontrol Board

CIO President says Board's failure to restore controls on milk and grain and their products means end of "hold the line" policy. Holds 50% of food purchases are left without price control.

CIO President Philip Murray sharply criticized the U. S. Price Decontrol Board today for failing "in its responsibility to the American people."

Philip Murray

He said that the Board's failure to re-establish price controls on milk and dairy products, flour and bread means that 50% of the daily purchases of food stuffs made by the average worker are left free to rise in price.

"Speculators greedy for profits are permitted a free hand to push prices up and thus increase the cost of living," Mr. Murray declared.

Pointing out that the Board's decision does not establish a hold-the-line policy, Mr. Murray reiterated CIO's warning that "when American workers are squeezed between rising prices and declining take-home pay, something must be done to protect their living standards."

Mr. Murray said that "a full and adequate price program calls for controls to be replaced on all grains and dairy products as well as meats, fats and oils as long as any of these major food items continue in short supply."

Mr. Murray's full statement follows:

The Price Decontrol Board has failed in its responsibility to the American people. The action of the Board members indicates a lack of understanding of the seriousness of the inflationary price rises that have occurred since the demise of OPA on June 30.

Failure to reestablish Price Control on milk and dairy products, flour and bread places great hardships upon workers' families. Prices of 50% of the daily purchases of food stuffs are still left free to rise.

The CIO deplores this action of the Decontrol Board for its failure to keep faith with the American workers. The Board accepts the price increases that occurred in the past six weeks and does nothing to prevent further increases. On the contrary, speculators greedy for profits are permitted a free hand to push prices up and thus increase the cost of living of the American workers.

CIO has warned that "when American workers are squeezed between rising prices and declining take-home pay, something must be done to protect their living standards." The Board's decision does not establish a hold-the-line policy.

Re-controlling of meats means very little when livestock and poultry feed products are left free of controls. Grain prices will soar, pulling along with them all the feed products made from grain. A full and adequate price progrm therefore calls for controls to be replaced on all grains and dairy products as well as meats, fats and oils as long as any of these major food items continue in short supply.

Pressures will make it difficult if not impossible for adequate controls to be maintained. To assure that price ceilings which are reinstated on meats, fats and oils are enforced, we strongly urge every effort be made to prevent the reestablishment of the Black Market.

The CIO will urge the Decontrol Board to reconsider its decision and reinstitute ceilings on all items which it failed to control. We shall urge the OPA, the Department of Agriculture and the Decontrol Board to enforce the most vigorous policy permissable under the new OPA Statute.

Grocery Manufacturers' Chief Scores Decontrol Board

Contends meat control is impractical and not in the public interest. Sees return of black market and "orchard" slaughtering. Praises decision to remove controls from dairy products and grain.

"From the point of view of both the public and the food industry, the decision of the Decontrol Board to return livestock, meats and shortening to price ceilings is ill-advised and most unfortunate," Paul S. Willis, President of Grocery Manufacturers of America, Inc., said.

Paul S. Willis

"Undoubtedly the new board, which was picked to make a decision, tried to arrive at a fair and honest policy, but like so many government orders, this decision is not in the public interest because it is impractical.

"The Decontrol Board seems of the opinion that the OPA can enforce June 30 price ceilings on meats. Looking back at the record this seems the height of wishful thinking. During the months just prior to the end of OPA, it was common knowledge that about 90% of all meat sold was diverted from legitimate trade channels and sold in the black market.

"We had the OPA then, but it was apparently either indifferent or unable to control the black market. By what magic will they now prevent a return of the black market?

"One serious aspect of the return of the black market and orchard slaughtering is the loss of critically essential fats and oils. The black marketeer has neither the facilities for recovering these fats nor has he an interest in preserving them.

"In order to understand the wide ramifications of the recontrol order on meats and shortenings, it must be remembered that our national food economy is complex and closely inter-related. The products of one manufacturer are the ingredients of another. There are about 4,000 items in a good sized grocery store. Practically all of them are made in whole or in part from a few basic commodities. Thus, the recontrol of meats and fats and oils will be seriously felt in the baked goods,

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The Decontrol Board's Decision

By ROBERT J. WATT*

Member, National Wage Stabilization Board

AFL representative on Wage Stabilization Board asserts consumers will find little comfort in the Decontrol Board decision and that "we cannot look to the government for relief from inflated prices." Holds AFL has become "completely disillusioned with bureaucratic control of prices and wages," and urges efforts to boost production.

Any disappointment felt by labor and the nation's consumers over the decisions announced this week by the Decontrol Board must be tempered by the realization that nothing better could be expected from such an agency under the mandate it received from Congress. The very name of the Board should have been the tip-off on the policy it would adopt.

Robert J. Watt

It is called the **DE**-control Board, not the **RE**-control Board. It was ordered by Congress to remove price controls, not to enforce them.

Therefore, its action in abolishing controls on grain and dairy products should not be considered surprising, regardless of the fact that this decision will force the American people to pay more for some of the basic necessities of life for months to come.

True, the Board did restore price controls on meat and certain scarce vegetable oils. But consumers will find very little comfort in these rulings, for the new ceilings which will be imposed by the OPA are bound to be higher than those that prevailed when price control lapsed on June 30.

It is about time we all faced the fact that we cannot look to the government for help or relief from inflated prices. The OPA today is only a ghost of its former self. It is completely powerless to reduce prices. It cannot even maintain prices at present levels if production costs increase. Under the law passed by Congress, all we can hope for from OPA is to prevent prices from running away entirely.

So far as the nation's workers are concerned, the price squeeze is aggravated by the government's rigid freeze of wages. Recent decisions of the National Wage Stabilization Board and Reconversion Director John Steelman have barred wage adjustments even in highly deserving cases. The government has served notice that it intends to adhere strictly to the wage pattern laid down last Spring and will not budge from it.

Under the circumstances, the American Federation of Labor has become completely disillusioned with bureaucratic control of prices and wages. We look forward anxiously to the day when such controls can be wiped out entirely. That day will come only when production is increased enough to meet demand. For that reason, the seven million members of the American Federation of Labor are now bending all their efforts to boost production in every direction.

*Radio talk of Mr. Watt over ABC Network,, Aug. 24, 1946.

Dealer-Broker Investment Recommendations and Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Bank and Insurance Stock Digest—Data on several situations in the field—Geyer & Co., 67 Wall Street, New York 5, N. Y.

Corporations and Their Government Bonds—A study—A. M. Kidder & Co., 1 Wall Street, New York 5, N. Y.

Geared to the News—Brochure of comment and review containing brief analyses of Rhinelander Paper Co.; Cleveland Worsted Mills; Gisholt Machine Co.; Northwest Engineering Co.; Plymouth Cordage Co.; La Plant-Choate Mfg. Co.; Mohawk Rubber Co.; Oneida, Ltd.; Nathan Straus-Duparquet; MacFadden Publications, Inc.—Strauss Bros., 32 Broadway, New York 4, N. Y.

Over-the-Counter Market—Discussed in the August Bulletin with recommendations for retail distribution—J. Arthur Warner & Co., Inc., 120 Broadway, New York 5, N. Y.

Pacific Coast Trading in New York Stocks—Revised directory of stocks traded on Pacific Coast Exchanges—there are 219 issues traded on these Exchanges between the hours of 10:00 a.m. and 6:30 p.m. (EDST) that are also traced on the New York Stock Exchange or the New York Curb Exchange—Kaiser & Co., Russ Building, San Francisco 4, Calif.

Preferred Stock Guide—Comparative figures on public utility preferred and common stocks—G. A. Saxton & Co., Inc., 70 Pine Street, New York 5, N. Y.

Stock Market — 1896-1946 — A comparative study based on the Dow-Jones 30 industrial averages—Sulzbacher, Granger & Co., 111 Broadway, New York 6, N. Y.

"Timber Returns"—Brief resume of the lumber and timber industry with data on **Long Bell Lumber Co., Richmond Cedar Works, Southwest Lumber Co., and Weyerhauser Timber Co.**—Ask for Booklet C—William L. Burton & Co., 25 Broad Street, New York 4, N. Y.

American Power & Light Co.—Special report—Cohu & Torrey, 1 Wall Street, New York 5, N. Y.

American Window Glass Co.—Analytical brochure indicating speculative possibilities — Kneeland & Co., Board of Trade Building, Chicago 4, Ill.

Argo Oil Corp.—Descriptive circular—Seligman, Lubetkin & Co., Inc., 41 Broad Street, New York 4, N. Y.

Also available are circulars on **Tennessee Products** and **Wellman Engineering.**

Aspinook Corporation—Circular—Ward & Co., 120 Broadway, New York 5, N. Y.

Also available are memoranda on **W. L. Douglas Shoe Co.; General Tin; Hartford Empire; Lanova Corp.; Mohawk Rubber; New Jersey Worsted; Oil Exploration;** and **Taylor Wharton Iron & Steel; Barcalo; Haloid.**

Avondale Mills—Report—Luckhurst & Company, 40 Exchange Place, New York 5, N. Y.

Bank of America, N. T. & S. A.—Special study based on Dec. 31, 1945 and June 30, 1946, statements—Butler-Huff & Co. of California, 210 West Seventh Street, Los Angeles 14, Calif.

Also available is the current issue of "News & Views" containing comparative figures on fire and casualty companies.

California Consumers Corporation — Detailed report — J. S. Strauss & Co., 155 Montgomery Street, San Francisco 4, Calif.

Also available is a study of **Iowa Southern Utilities Company.**

Carolina Power & Light Co.—Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y. Also available is an appraisal of values of **New England Public Service. Co.**

Central Public Utility—Discussion—circular C1—Fred W. Fairman & Co., 208 South La Salle Street, Chicago 4, Ill.

Chicago Corporation — A new analysis of the company, which is now listed on the N. Y. Stock Exchange, with special reference to the Oil and Gas Division—Hicks & Price, 231 South La Salle Street, Chicago 4, Ill.

Chicago, Rock Island & Pacific Railway—Circular—Bendix, Luitweiler & Co., 52 Wall Street, New York 5, N. Y.

Detroit International Bridge Company — Recent study — F. J. Young & Co., Inc., 52 Wall Street, New York 5, N. Y.

Douglas Aircraft Co.—Analytical study—Penington, Colket & Co., 70 Pine Street, New York 5, N. Y.

C. H. Dutton Company—Analysis for dealers only on 66-year old company with interesting prospects—Moreland & Co., Penobscot Building, Detroit 26, Mich.

Dwight Manufacturing Co. — Descriptive analysis—du Pont, Homsey Co., 31 Milk Street, Boston 9, Mass.

Also available is an analysis of **Boston Wharf** and Purolator Products.

Foremost Dairies, Inc.—Memorandum for banks, dealers and brokers—Troster, Currie & Summers, 74 Trinity Place, New York 6, N. Y.

General Public Utilities Corp.—Analysis—Hettleman & Co., 1 Wall Street, New York 5, N. Y.

Greyhound Corp.—Study—Hicks & Price, 231 South La Salle Street, Chicago 4, Ill.

Harris Manufacturing Co.—Analysis—L. Johnson & Co., 40 Exchange Place, New York 5, N. Y.

Higgins, Inc. — Analysis of the situation and prospects for appreciation—J. F. Reilly & Co., Inc., 40 Exchange Place, New York 5, N. Y.

International Hydro Electric System—Analysis—Eisele & King, Libaire, Stout & Co., 50 Broadway, New York 4, N. Y.

Kendall Company — Circular—Adams & Peck, 63 Wall Street, New York 5, N. Y.

Lipe Rollway—Analysis — Raymond & Co., 148 State Street, Boston 9, Mass.

Long-Bell Lumber Co. — New revised brochure—Comstock & Co., 231 South La Salle Street, Chicago 4, Ill.

Also available are analyses of **Miller Manufacturing Co.** and **Hydraulic Press Mfg. Co.**

Long Bell Lumber Company—Memorandum—Buckley Brothers, 1420 Walnut Street, Philadelphia 2, Pa. Also available are memoranda on **Eastern Corporation** and **Gisholt Machine Company.**

Magor Car Corporation — Detailed circular for investment dealers on quality railroad equipment issue—ask for circular CC—Blair F. Claybaugh & Co., 52 Wall Street, New York 5, N. Y.

Munising Paper Co.—Detailed study of situation—Sills, Minton & Co., 209 South La Salle Street, Chicago 4, Ill.

National By-Products Inc.—Analysis—Brailsford & Co., 208 South La Salle Street, Chicago 4, Ill.

National Terminals Corporation—Late memorandum for dealers only—Adams & Co., 231 South La Salle Street, Chicago 4, Ill.

New England Lime Company—Descriptive circular — Dayton Haigney & Co., 75 Federal Street Boston 10, Mass.

Northwestern Yeast Company—Memorandum—Adams & Co., 231 South La Salle Street, Chicago 4, Ill.

Panama Coca Cola—Circular on interesting possibilities — Hoit Rose & Troster, 74 Trinity Place New York 6, N. Y.

Pennsylvania Railroad—Analytical study—Hirsch & Co., 25 Broad Street, New York 4, N. Y.

Fred B. Prophet Company—Detailed memorandum—De Young, Larson & Tornga, Grand Rapids National Bank Building, Grand Rapids 2, Mich.

Rayonier, Inc.—Study of growth possibilities—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

Red Rock Bottling Co. of Cleveland — Memorandum — Frank C. Moore & Co., 42 Broadway, New York 4, N. Y.

Rockwell Manufacturing Co.—Analysis—Steiner, Rouse & Co., 25 Broad Street, New York 4, N. Y.

St. Louis Public Service "A" — Detailed memorandum — First Securities Company of Chicago, 134 South La Salle Street, Chicago 3, Ill.

Also available is a memorandum on **Standard Milling Co.**

Schenley Distillers Corporation—Brochure of articles they have been running in the Chronicle—write to Mark Merit, in care of **Schenley Distillers Corporation, 350 Fifth Avenue, New York 1, N. Y.**

Sheller Manufacturing Corp. — Recent report—**Mercier, McDowell & Dolphyn**, Buhl Building, Detroit 26, Mich.

Showers Brothers Co.—Analysis—Caswell & Co., 120 South La Salle Street, Chicago 3, Ill.

Soya Corporation of America—Analysis—Peter Morgan & Co., 31 Nassau Street, New York 5, N. Y.

Steel Products Engineering Company—Memorandum—Dempsey & Co., 135 South La Salle Street, Chicago 3, Ill.

Syracuse Transit Corporation—Study of situation and outlook—J. V. Manganaro Co., 50 **Broad Street, New York 4, N. Y.**

Western Light & Telephone—Memorandum—Buckley Brothers, 1420 Walnut Street, **Philadelphia** 2, Pa. Also available are memoranda on **Bingham Stamping Co.** and **Northern Indiana Public Service.**

Lehman Brothers Opens Pacific Coast Office

J. H. Rosenberg, Manager

LOS ANGELES, CALIF.—Lehman Brothers has opened a Pacific Coast office in the Bank of America Building and has appointed, as manager, Joseph H. Rosenberg, who retired as Executive Vice-President of the Bank of America National Trust and Savings Association under its retirement plan, it was announced by Robert Lehman. While terminating his active association with the bank, Mr. Rosenberg will continue on its advisory council.

As Executive Vice-President of Bank of America, Mr. Rosenberg was in charge of all of its credits in Southern California. He came to Los Angeles in 1926 as Vice-President of the Merchants National Bank, which was subsequently absorbed by Bank of America. In his 20 years on the coast, Mr. Rosenberg has handled a variety of industrial and commercial loans, specializing in loans to the motion picture industry.

Prior to moving to Los Angeles, Mr. Rosenberg was for several years after his graduation from Yale a mining engineer in the Southwest and in Mexico. This was followed by 12 years of banking in Arizona.

John Williams with Mercier, McDowell Co.

DETROIT, MICH. — Mercier, McDowell & Dolphyn, Buhl Building, have announced that John M. Williams is now associated with them and will serve as their trader on the floor of the Detroit Stock Exchange.

Williams is one of the younger veterans of Griswold Street, having started his career in 1935 as an Exchange floor clerk for Wm. C. Roney, acquiring a salesman's license in 1939. He was admitted to membership in the Detroit Stock Exchange in 1944, and has been the floor representative of several local houses since that time.

"Jack" is a native Detroiter, and after graduating from St. Leo's High School attended the University of Detroit. His new address will be 1012 Buhl Building when not at the Exchange.

NSTA Notes

SECURITIES TRADERS ASSOCIATION OF DETROIT AND MICHIGAN, INC.

The Securities Traders Association of Detroit and Michigan, Inc. will hold their annual election for the Board of Directors Aug. 29. Four have been nominated for a three-year term, two of whom will be elected. Those nominated are:

Charles C. Bechtel, H. V. Sattley & Co., Inc.; Clarence Horn, First of Michigan Corp.; Bertrand Leppel, Chas. A. Parcells & Co.; H. Terry Snowday, E. H. Rollins & Sons, Inc.

The board for the coming year will consist of the two new directors elected, together with Ralph A. Crookston, Hornblower & Weeks; Reginald MacArthur, Miller, Kenower & Co.; Claude G. Porter, Mercier, McDowell & Dolphyn; Harold R. Chapel, McDonald-Moore & Co.; and Paul I. Moreland, Moreland & Co., the present President of the Association.

NSTA CONVENTION TOUR SCHEDULE

The schedule for the National Security Traders Association Special Trains leaving Chicago on Sept. 14 enroute to Seattle will be:

(All time mentioned is Standard and not Daylight Saving Time)

WESTBOUND

Saturday, September 14th
10:00 A.M. Leave Chicago Union Station (The Milwaukee Road) Train ready for occupancy in Union Station at 9:00 A.M.
6:00 P.M. Leave St. Paul. Lunch, dinner on train.

Sunday, September 15th
7:30 A.M. Bowman, N. D. Church services.
9:00 A.M. Leave Bowman, N. D. Breakfast, lunch, dinner on train.

Monday, September 16th
4:30 P.M. Arrive Seattle. Breakfast, lunch on train.

RETURNING

Thursday, September 19th
11:55 P.M. Leave Seattle (Union Pacific RR.).

Friday, September 20th
7:30 A.M. Arrive Portland.
8:00 A.M. Breakfast Multnomah Hotel.
9:00 A.M. Sightseeing, Bonneville Dam or Timber Lodge.
2:00 P.M. Luncheon, Multnomah Hotel.
6:00 P.M. Barbecue dinner, Jantzen Beach. Train will be parked at Union Station for occupancy while in Portland

Saturday, September 21st
8:00 A.M. Breakfast in Union Station Dining Room.
1:00 P.M. Leave Portland, Southern Pacific. Lunch, dinner on train.

Sunday, September 22nd
10:00 A.M. Arrive Oakland Pier. Breakfast on train.
10:30 A.M. Arrive San Francisco. Mark Hopkins and Fairmont Hotels.
1:15 P.M. Sightseeing trip to Muir Woods.

Monday, September 23rd
6:00 P.M. Guests of San Francisco Bond Traders Association for cocktails and dinner at Monaco Theatre Restaurant.

Tuesday, September 24th
9:10 P.M. Leave San Francisco, Southern Pacific.

Wednesday, September 25th
10:00 A.M. Arrive Los Angeles. Hotel Alexandria. Breakfast on train.

Thursday, September 26th
5:30 P.M. Guests of Security Traders Association of Los Angeles, reception and dinner at Hotel Alexandria.

Friday, September 27th
4:30 P.M. Leave Los Angeles, Santa Fe. Dinner on train.

Saturday, September 28th
9:15 A.M. Arrive Grand Canyon.
12 Noon Luncheon, El Tovar Hotel.
1:15 P.M. Sightseeing by motor cars.
5:00 P.M. Leave Grand Canyon. Breakfast, dinner on train.

Sunday, September 29th
7:45 A.M. Arrive Las Vegas, N. M.
8:00 A.M. Church services.
9:00 A.M. Leave Las Vegas, N. M.
2:30 P.M. La Junta, Colo. Breakfast, lunch, dinner on train.

Monday, September 30th
1:00 A.M. Arrive Kansas City.
10:30 A.M. Arrive Chicago, Dearborn Station. Breakfast on train.

WESTBOUND SCHEDULE FOR THROUGH CARS FROM BOSTON, NEW YORK AND PHILADELPHIA

Friday, Sept. 13th Leave Boston, N. Y., N. H. & H. RR. 8:00 A. M.
Leave New York, Penna. RR. 3:05 P. M.
Leave North Philadelphia, Penna. RR. 4:25 P.M. Dinner on train.
Saturday, Sept. 14th Arrive Chicago 7:10 AM. Breakfast on train.

EASTBOUND—THROUGH CARS

Monday, Sept. 30th Leave Chicago, Penna. RR. 3:20 P.M. Dinner on train.
Tuesday, Oct. 1st Arrive North Philadelphia 7:45 A.M.
Arrive New York City 9:25 A.M. Breakfast on train.
Monday, Sept. 30th Leave Chicago, N. Y. C. RR. 1:30 P.M.
Tuesday, Oct. 1st Arrive Boston 9:40 A.M.

ALL-EXPENSE TOUR RATE TO SEATTLE AND RETURN INCLUDING RAIL TICKET AND ALL TAXES VIA COMPLETE TOUR ARE:

	One In Single Bedroom	Two In Compart-ment Each	Two In Drawing Room Each	Three In Drawing Room Each
BOSTON		$422.22	$451.41	$404.44
CHICAGO	$346.87	323.75	346.27	309.93
NEW YORK		415.75	443.62	397.98
PHILADELPHIA		408.27	436.72	391.53

Single Bedroom accommodations will be available only from Chicago.

The all Expense tour rate from Chicago to Seattle and return, railroad ticket not included:

One In Single Bedroom	Two In Compart-ment Each	Two In Drawing Room Each	Three In Drawing Room Each
$232.62	$209.50	$232.02	$195.68

The cost of each tour covers all necessary expenses enroute—Deluxe hotel accommodations, all rooms with bath with two people to each room—all meals on train—transfers of individuals and baggage between trains and hotels. No hotel is provided in Portland as all will sleep in parked pullmans. Although it is not anticipated, right is reserved in event of hotel shortage to furnish sleeping accommodations in parked pullman cars at any point of stop over. Gratuities are not included.

The round trip fares from principal points are shown below (Federal taxes included):

Chicago	$114.25
Atlanta	147.73
Baltimore	167.21
Boston	183.83
Cincinnati	136.10
Cleveland	139.08
Detroit	135.36
Jacksonville, Fla.	166.69
Kansas City	117.37
Louisville	126.79
Memphis	131.16
Miami	189.92
Nashville	132.87
New Orleans	144.31
New York	176.35
Philadelphia	170.83
St. Louis	117.23
Twin Cities	117.94

Rates are quoted going and returning through Chicago, except Kansas City and Twin Cities, one way through Chicago.

All members should purchase round trip first-class tickets from the point of origin (home town) to San Francisco.

For reservations contact:
John M. O'Neill, Stein Bros. & Boyce, Baltimore, Md.
B. W. Pizzini, B. W. Pizzini & Co., New York City.
Edward H. Welch, Sincere & Co., Chicago.
Dayton Haigney, Dayton Haigney & Co., Boston.
Russell M. Dotts, Bioren & Co., Philadelphia.

Woll Sees Threat in Russia's "Slave Labor"

Russia's "slave labor" is a threat to the economy of free, organized workmen in the opinion of Mathew Woll, a Vice-President of the International Photo-Engravers' Union (A. F. of L.). This was indicated in an Associated Press dispatch from Cincinnati Aug. 23, appearing in the New York "Sun," which also had the following to say.

In an address at the I. P. E. U.'s 45th convention last night, the New York labor leader declared:

"We fought the greatest war in history to preserve freedom or to restore it to enslaved people, but now half the world is still enslaved and much of it seems likely to continue so for a long period."

"I fear we must soon compete with slave labor in marketing our products," he continued, declaring that there are "at least 12,000,000 to 15,000,000 men and women in slave camps in Russia, besides prisoners of war, working at forced labor."

Manheimer, Snedeker & De Bard to Be Formed

Manheimer, Snedeker & De Bard will be formed with offices at 52 William Street, effective Sept. 3rd. Partners will be De Witt J. Manheimer, member of the New York Stock Exchange, Charles V. Snedeker, also an Exchange member, and Edward De Bard. Mr. Snedeker and Mr. De Bard are partners in Snedeker & Co. which is dissolving as of Aug. 31st.

Real Estate Securities

Up to the middle of this year newly built veterans' homes accounted for not more than 12% of the loans guaranteed by the Veterans Administration for GI homes and advanced by the leading lenders under the program, the savings and loan associations and co-operative banks. The United States Savings and Loan League, nationwide organization of these associations and co-operative banks, says that in only a few states is there a substantial increase in the percentage of new construction GI loans to total loans, comparing June 30, 1945, with June 30, 1946, reports. The nationwide percentage of 12 on June 30, 1946, compares with 11.7 on June 30, 1945.

The states where the veterans are getting their VA-guaranteed loans almost exclusively for new homes are California, where the percentage is 98, Montana where it is 88, and New Mexico and Arizona where it is 100%. These states' respective percentages of new construction in veteran loan totals a year ago were 65.2; 26,9; 64.7; and 81.7. Obviously home construction has begun there to break through the bottlenecks which have stymied it elsewhere in the year since V-J Day, Henry P. Irr, Baltimore, Md., President of the League, concludes.

The savings and loan institutions' percentages can be taken as typical of all veterans' home loans since their loans are 70% of the total.

"This does not mean, of course, that the volume of GI new construction loans has not expanded spectacularly, but only that it has not yet got any closer to being the dominant factor in the picture," Mr. Irr said. "The 1,736 associations which reported their actual loans completed on June 30, this year, had made $35,982,000 of VA-guaranteed loans on new homes and this time last year they had made only $1,915,939. But their total report on all types of veterans' loans is $306,525,000 and thus only one $1 out of each $8.50 has helped GI's move into new homes."

Mr. Irr said that the largest dollar volume of new construction GI loans has been in California where $8,370,000 of the total is accounted for.

He said that the 1946 provision for an optional plan of making GI loans, the so-called insured plan, which provides a blanket 15% hedge to the lender against losses on GI loans, is still in the study stage by the savings and loan associations and co-operative banks. Less than a dozen of the institutions account for the entire 240 loans on this plan which were reported for June 30, as against 70,895 on the two-year old guarantee plan, under which a lender gets Veterans Administration backing on every loan up to 50%, or $4,000, whichever is smaller. A leading Chicago association began making all GI loans on this plan Aug. 15.

An article in the August issue of "Savings and Loans News," the official publication of the United States Savings and Loan League, carries a careful analysis of the insured plan by the savings and loan manager who has made most of the loans under the plan, Julian Fleischmann, of New York City.

"The veterans' available GI credit is charged only 15% of the amount of the mortgage thereby permitting him to make use of the balance for future business or realty loans," comments Mr. Fleischmann.

From the lender's point of view, the insurance plan is more desirable, he says, on loans in excess of $8,000.

To date, it would be noted, the average veterans' loan made by the savings and loan associations and co-operative banks has been $5,246.

Justice Department Still Seeking Evidences Of Antitrust Law Violations on Wall Street

By EDMOUR GERMAIN

Evidence is all around that antitrust issue is a very live one in the underwriting field. Justice officials, however, have as yet reached no decision as to what action, if any, should be taken against Street's investment firms but it is likely some sign of things to come may be forthcoming within three months or so. Without doubt, Department of Justice is being guided in its work by the 1939 and 1940 findings of the Temporary National Economic Committee on the concentration of economic power. Avowed objective of the Department's program is to preserve element of free competitive enterprise in securities and money market.

The Antitrust Division of the Department of Justice two years ago launched an investigation into the underwriting practices of Wall Street investment firms and though little has been heard about the progress it has made the evidence is abundant that it has spared and still is sparing no effort to uncover such facts as it can that may in any way have a bearing on whether such practices are in violation of the antitrust laws.

A recent radio blurb by Walter Winchell and various press accounts, undoubtedly inspired by Winchell's statement, all purporting to disclose what the Justice officials supposedly are doing in financial and investment circles have probably exaggerated certain aspects of the investigation. It is known, for instance, that no decision has as yet been made on what action should be taken, if any, against the underwriting houses. It is likely, however, that some sign of things to come may be forthcoming within three months or so. It is also known that, contrary to published reports, the personnel of the New York office of the Department of Justice's Antitrust Division has not been enlarged. Nothing unusual has developed within recent months in either the make-up, the size or the activity of the Justice Department's staff in New York, it would seem.

The thoroughness with which the Justice Department is apparently approaching the problem, however, is plainly seen in the length of time which the officials have devoted to their study and may provide some clue as to the nature of their work.

The over-all thinking of the Justice officials on the general question of possible antitrust law violations in the securities and money market of New York is certain to be somewhat tempered by the knowledge (1) that the banks outside of New York City have not done the job they should in investing risk capital in their own communities and (2) that, in recent years, Wall Street has lost some of its hold on the investment market.

Thus, if it is an historical accident that surplus funds in the country gravitate naturally and more-or-less inevitably to New York, Wall Street houses can hardly be held solely accountable for the huge concentration of money which can be found in New York, and it follows logically that these same Wall Street houses are going to do everything in their power—and perhaps should do so—to prevent this tendency for funds to accumulate in New York from disturbing normal and healthy business relationships. Although the Justice Department undoubtedly recognizes the fact that many corporations, especially the larger ones, today finance

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Social Security Expansion

By HON. LEWIS B. SCHWELLENBACH*
Secretary of Labor

Labor Secretary calls attention to postwar labor problems and a program for expanding social security. Holds there is no longer any valid basis for withholding social security from approximately 20 millions of Americans now excluded from certain benefits. Urges increases in benefit payments and recounts activities of Labor Department to improve economic conditions and promote industrial peace.

Despotism and dictatorships feed upon poverty and all the ills that poverty can breed—hunger, want, intolerance and prejudice. We have seen the tragic pattern of tyranny both at home and abroad. During our own history we fought many wars of liberation.

L. B. Schwellenbach

Today we are seeking a still greater measure of freedom and well-being. We are determined to build our security upon that most solid of all foundations — the common good.

I know and you know that the Fraternal Order of Eagles is dedicated to the same high purpose. Moreover, and this is vitally important, your own program offers a practical plan of action. Your objectives are not only clear cut, they are within reach.

*An address by Secretary Schwellenbach before the Fraternal Order of Eagles Convention, Columbus, O., Aug. 23, 1946.

Let me repeat that statement with all the emphasis a my command. Your objectives are within reach because they are directed toward the common good. Here are some of the things that you are demanding:

Child health and youth guidance.
Aid for returning servicemen.
The extension of social security.
The stimulation of employment and a guaranteed annual wage.

Does anyone doubt that these goals can be reached? Or question the fact that they will lend new strength and purpose to the cause of democracy?

If I had any doubts on that score I would make a poor Secretary of Labor, for as you know, I am charged with the duty of promoting the welfare of this nation's wage earners. We in the Department of Labor know something about the need for an expanded social security program and I have repeatedly urged that such action be taken by the Congress.

Social insurance against economic hazards was in the experi-

(Continued on page 1161)

Sees Inflationary Pressure In Accumulated Savings

Federal Reserve Board study concludes that although current consumer buying will be paid for primarily out of current income strong inflationary pressures will continue in consumer goods market, while transfer of liquid assets to other forms of investment exerts considerable pressure in the real estate and securities market. Holds use of instalment credit will be substantial.

According to the Federal Reserve Board, indications are that the use of liquid assets by individuals will exert strong inflationary pressures in consumer goods and some investment markets during 1946. It would appear that as much as $10 to $15 billions of liquid assets might be used for various purposes during the current year. From $2 to $3 billions of this sum might be spent to buy consumer durables and housing. Another $4 to $5 billions might be used for current consumption purposes, including meeting of family deficits. A further $3 to $6 billions held largely by top income groups, might be shifted to investments promising higher returns, such as real estate, equity securities, and unincorporated business. The study, conducted by Duncan C. Holthausen of the Board's Research Division is published in the August issue of the "Federal Reserve Bulletin".

In addition to expenditure from liquid asset holdings, consumers might obtain from $3.5 to $4.5 billion for spending from borrowing on the instalment plan to pay for durable goods or by mortgage credit to finance the purchase of housing. Current saving in liquid assets would of course be an offset to spending from the use of liquid assets and from borrowing. But on balance, it does not seem likely that saving in liquid forms during 1946 will substantially dampen, in markets of limited supply, the inflationary pressures originating in consumer use of liquid assets and in consumer borrowing.

These conclusions are based upon the findings of the National Liquid Assets Survey conducted for the Board of Governors by the Division of Program Surveys of the Bureau of Agricultural Economics. The article in the August issue of the "Federal Reserve Bulletin" shows how consumers are expected to divide their 1946 income between spendings and savings. The article also summarizes the results and conclusions of the entire survey of consumer holdings of liquid assets, which has been much discussed in the financial press in recent months.

Consumer Income and Spending Expectations

Interviews with a carefully selected cross-section of the population conducted in the first quarter of 1946 indicate that people expected their income payments this year to be almost the same as in 1945. A majority of spending units expected prices to rise and they expected to spend more on regular living expenses than they had in 1945. In addition to increased spending for current consumption purposes, many people expressed the intention of buying automobiles, other durable goods, and houses. Although most consumers attached great importance to a continuation of saving, many people and especially those who had saved most in the past anticipated that they would reduce their saving this year.

The survey findings indicate that reluctance to give up plans for purchasing durable goods and to reduce living standards as

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Broker-Dealer

(Special to THE FINANCIAL CHRONICLE)
CHARLOTTE, N. C.—**Bruce St. John** has been added to the staff of **First Securities Corp.**, Liberty Life Building.

(Special to THE FINANCIAL CHRONICLE)
CHICAGO, ILL.—**Russell J. St. Clair** has become associated with **Hornblower & Weeks**, 39 South La Salle Street. He was previously in the U. S. Army.

(Special to THE FINANCIAL CHRONICLE)
CHICAGO, ILL. — **Alvin V. Kluesing** has joined the staff of **Benjamin Lewis & Co.**, 135 South La Salle Street, after serving in the U. S. Army.

(Special to THE FINANCIAL CHRONICLE)
CHICAGO, ILL. — **Albert S. Hammer, George A. McKeon** and **Jack C. Reinhardt** are with **John Nuveen & Co.**, 135 South La Salle Street. All were formerly in the U. S. Army.

CHICAGO, ILL.—**Guy Edward Coriden, Daniel C. Kennedy, Jr.**, and **Harlow H. McGeath** are with **Paul H. Davis & Co.**, 10 South La Salle Street.

CHICAGO, ILL. — **John G. Whiteside** is now connected with **First Securities Company of Chicago**, 134 South La Salle Street.

CHICAGO, ILL. — **William T. Long** is associated with **Chester A. Long**, 141 West Jackson Boulevard.

CHICAGO, ILL.—**John A. Kimball** has become affiliated with **Merrill Lynch, Pierce, Fenner & Beane**, Board of Trade Building.

CHICAGO, ILL.—**Paul A. Hakanen** and **Thomas R. Hawkins** have joined the staff of **John Nuveen & Co.**, 135 South La Salle Street.

CINCINNATI, O. — **Donald L. Bonhaus** has become affiliated with **L. W. Hoefinghoff & Co.**, Union Central Building.

CLEVELAND, OHIO — **Robert D. Solt** has rejoined **Cayne & Co.**, Union Commerce Building.

COLUMBUS, GA.—**H. Rex Lavender** is with **King Murphy Co.**, Healey Building.

DAYTON, OHIO — **Arthur R. Little** and **William J. O'Connell** are with **Slayton & Co., Inc.**, Third National Building.

(Special to THE FINANCIAL CHRONICLE)
EVANSVILLE, IND. — **Sherlie B. Elkins** is with **Slayton & Company, Inc.**

GRAND RAPIDS, MICH.—**Millard E. Hultman** has been added to the staff of **Continental Securities Co., Inc.**, People's National Bank Building.

GRAND RAPIDS, MICH. — **James Vander Moere, Jr.** is with **J. Vander Moere & Co.**, People's National Bank Building. He was formerly in the U. S. Navy.

(Special to THE FINANCIAL CHRONICLE)
GRAND RAPIDS, MICH. — **Donald R. Lindout** has become connected with **King & Company**, Michigan National Bank Building.

(Special to THE FINANCIAL CHRONICLE)
GREENSBORO, N. C. — **Curtis C. Brewer** is affiliated with **McDaniel Lewis & Co.**, Jefferson Building.

HAMMOND, IND.—**Edward A. Michaels** is with **Merrill Lynch, Pierce, Fenner & Beane.**

HARTFORD, CONN. — **Charles A. Coleman** has become associated with **Jackson Steiner & Co., Inc.**, 19 Lewis Street.

(Special to THE FINANCIAL CHRONICLE)
KANSAS CITY, MO. — **Porter W. Tumy** is associated with **Prescott, Wright, Snider Company**, 916 Baltimore Avenue.

(Special to THE FINANCIAL CHRONICLE)
LOS ANGELES, CALIF.— **Wm. J. G. Aalbersberg** is now with **Crowell, Weedon & Co.**, 650 South Spring Street.

LOS ANGELES, CALIF.—**Page Noll, Jr.** and **Harry O. Sheppard** have become connected with **Nelson Douglass & Co.**, 510 South Spring Street.

LOS ANGELES, CALIF.—**J. D. MacDonald** has joined the staff of **Harris, Upham & Co.**, 523 West Sixth Street.

LOS ANGELES, CALIF.—**Verdon C. Smith** is affiliated with **Pacific Company of California**, 623 South Hope Street.

LOS ANGELES, CALIF.—**Robert D. Morrison** has become associated with **Paul D. Speer & Co.**, 458 South Spring Street.

LOS ANGELES, CALIF.—**Allan J. Stampa**, formerly with Davies & Co. and E. F. Hutton & Co., has been added to the staff of **Walston, Hoffman & Goodwin**, 650 South Spring Street.

LOS ANGELES, CALIF.—**Willard T. Dolman** is with **Dean Witter & Co.**, 632 South Spring Street.

Bank and Insurance Stocks

By E. A. VAN DEUSEN

This Week — Insurance Stocks

Investors, and other students of insurance stocks, will find much interesting and helpful information in a recent 28 page booklet published by a New Haven, Conn., security dealer.* It is entitled "Connecticut Insurance Companies—A Proud Heritage," and is the eighth edition.

The "Foreword" on page 2 reads as follows:—

"In this eighth edition of 'Connecticut Insurance Companies,' we present a selection of 10 companies operating in a field which plays so important a part in the lives of Connecticut citizens. The City of Hartford is the home of-fice of the three best known stock life insurance institutions in the country. As two of these, Aetna Life and Travelers operate subsidiaries of ranking importance in the fire and casualty field, we have included them here.

"To those who lack a general knowledge of the terminologies used in the insurance business, the operating and financial statements of an insurance company appear quite mysterious. They are, in fact, more complete, more specifically informative than the reports of any other type of company. The descriptions in this booklet have been compiled in the belief that they present these important pictures in a clear and understandable manner."

The 10 companies covered are:
Aetna Casualty and Surety
Aetna Insurance Company
Aetna Life Insurance Company
Automobile Insurance Company
Hartford Fire Insurance Company
Hartford Steam Boiler, Inspection and Insurance Co.
National Fire Insurance Company
Phoenix Insurance Company
Security Insurance Company
Travelers Insurance Company

Each company is treated separately the descriptions of the fire and casualty companies comprising brief historical sketches, capitalization record, dividend record, underwriting and operating record, classification of assets, officers and directors and a statistical exhibit of the operating, financial and market record for the years 1929, 1932 and 1936 to 1945. The two life companies necessarily are presented somewhat differently.

Some interesting points are brought out in the historical sketches. For example, Aetna Casualty and Surety, which is controlled by Aetna Life, was incorporated in 1883 as The Hartford Equitable and Indemnity Company. Aetna Life originated in 1820 as the life department of Aetna Insurance Company (organized 1819); it operated as such until 1853, when the latters' charter was amended and the shareholders of the annuity fund were made a separate corporation entitled "Aetna Life Insurance Company."

Hartford Fire Insurance Company was organized in 1810, is the oldest insurance company in Hartford and third oldest in the country. National Fire Insurance Company, incorporated in 1869, was a successor to Merchants Fire Insurance Company established in 1857, and commenced business in 1871.

Striking examples of growth and improvement may be gleaned from the statistical exhibit. Two outstanding cases are those of Aetna Casualty and Curety and of Hartford Fire, whose 1945 earnings and dividends per share compare with 1929 as follows:—

	Aetna Cas. & Surety	Hartford Fire
1929		
Net Underwriting Profit	$0.23	$4.03
Net Investment Income	1.60	3.47
Total Net. Oper. Profit	$1.83	$7.50
Dividends	$1.10	$2.40
1945		
Net Underwriting Profit	$7.51	$4.67
Net Investment Income	3.95	4.65
Total Net Oper. Profit	$11.46	$9.30
Dividends	$3.00	$2.50

The introductory pages deal with such topics as: "Ancient, Tested and Indespensable," "Reduction of Risk," "An Open Book," "Investment Appreciation," "Continuity of Income," "Attention to Business" and "Insurance Stocks and Inflation."

Both discussion and data in this excellent booklet merit careful study by those interested in the investment characteristics of insurance stocks.

* * *

Fire insurance stocks this year, as measured by Standard and Poor's weekly index, advanced from 135.0 on Jan. 2, 1946 to 145.0 on April 17, an appreciation of 7.4%; since then they declined to 132.4 on July 24, then advanced to 134.3 on Aug. 21. Thus they have followed the general pattern of the stock market, with the exception that they are now fractionally below their level at the start of the year whereas the Dow Jones Industrials, for example, are some 3% above. Continuation of heavy fire losses into the summer months, with its implication of unsatisfactory underwriting results, doubtless has acted as a temporary depressant. There are important offsetting factors, however, which should not be overlooked, viz.: increased premium volume, unearned premium reserves, surplus and liquidating values, accompanied by generally higher net investment income and the maintenance of dividends. Mid-year statements of stock fire insurance companies, as thus far filed, show somewhat mixed results; a number of companies report a combined loss and expense ratio for the first six months in excess of 100%. There are some pleasant exceptions, however, for example: Continental Insurance shows 94.2% compared with 92.4% in the first half of 1945; it also reports a gain in unearned premium reserves and net premiums written and a higher net investment income. Fidelity-Phenix shows a combined ratio of 91.7% which is the same as during the similar period last year; it reports a higher unearned premium reserve, moderately better premium volume and an improvement in net investment income. Similarly, Insurance Company of North America reports comparable improvement, with a 97.2% ratio vs. 100.2% for the first six months of 1945.

On the other hand, Springfield Fire and Marine reports a combined ratio of 106.3% compared with 102.8% in the 1945 first half; unearned premium reserves, premium volume and net investment income show some gains.

Figures of many of the more important "old line" companies have not yet been published, so, that the over-all picture is far from complete at this wrting. Nevertheless, as this observer views today's temporary situation, there is nothing that need perturb the long-term investor in carefully chosen insurance stocks. In fact current depressed prices offer an opportunity for further investment in the insurance industry, provided selections are made with intelligent discrimination.

*Day, Stoddard & Williams, Inc.

Daniel F. Rice Offers Pebble Distilling Stock

Daniel F. Rice & Co. headed a banking syndicate which on Aug. 28 publicly offered 125,000 shares of $1 par common stock of the Pebble Springs Distilling Co. priced at $11.50 per share. The company is a leadng Middle Western distiller, blender, bottler and rectifier of distillery products sold under the company's own brand names. Its plant is in Peoria, Ill. Other syndicate members include Stein Bros. & Boyce, Strauss Bros., Kalman & Company, Inc., Newhard, Cook & Co., Reinholdt & Gardner, Alfred O'Gara & Co. and Rotan, Mosle and Moreland.

Proceeds from the financing will all accrue to the company and will be used principally for expansion and the acquisition of additional distilling and bottling facilities. The remainder will be used mostly for additional working capital and for use by a subsidiary, Peoria Feeders, Inc., which makes and distributes cattle feed from the by-products of the distillation process. Annual distilling capacity of the Company's Peoria plant is around 4,350,000 gallons of distilled spirits. Pebble's principal products include several blended whiskies, gins and liquors.

The company has an extensive expansion program underway involving expenditures of more than $400,000. Sales for the year ended March 31, 1946 aggregated $7,432,995 as against $3,351,298 for the same period last year and are now running at the rate of around $1,000,000 monthly. Net income, after all charges and provision for taxes this year, was $86,960 as compared with $68,215. Capitalization, after completion of the financing, will consist solely of the common stock with $1,000,000 shares authorized and 500,000 shares outstanding.

Appointed as Treas. Head of Monetary Research

Harold Glasser, formerly Treasury representative on UNRRA, named by Secretary Snyder as director of the Division of Monetary Research. Paul D. Banning named as Deputy Director of Procurement.

Secretary Snyder has announced the appointment of Harold Glasser as Director of the Division of Monetary Research, and Paul D. Banning as Deputy Director of the Division of Procurement in charge of fiscal activities.

Harold Glasser

Born in Chicago in November 1905, Mr. Glasser studied at the University of Chicago, receiving a Ph.B. degree in 1926. He took graduate studies at the University of Chicago and Harvard University. In 1928-29 Glasser served as instructor at the University of Akron. He was a fellow at Brookings Institution, Washington, in 1931-32.

From 1933 to 1935 Glasser was dean of People's Junior College, Chicago, and the next year came to the Treasury Department in 1936 as assistant director of Monetary Research, and served continuously in that capacity to the present date. He also acted as adviser to the Ministry of Finance, Government of Ecuador, 1940-1942, and as chief of the Financial Control Division, North African Economic Board, in 1943. He succeeds Frank Coe, who resigned as director early in July to become secretary of the International Monetary Fund. Earlier this post in the Treasury was occupied by Harry White, for whom Secretary Morgenthau created it.

Glasser served as Treasury representative at the UNRRA meeting in London in 1945 and in Geneva this year.

Mr. Banning is a native of Mount Vernon, Ohio. He entered government service in 1919 as a clerk in the Bureau of Internal Revenue, was later associated with the old Bureau of Efficiency, and at various times occupied administrative positions with the Bureau of Accounts, Treasury Department, as Chief Accountant, Assistant Commissioner, and chief of the Liquidation Division, his latest assignment. From 1941 to 1943 he was special assistant to the Public Printer, in charge of the accountancy branch of Government Printing Office, resigning to enter the United States Army. As a lieutenant colonel he served as Chief Accountant for the Allied Commission in Italy from January 1944 to January 1946.

At the Division of Procurement, Mr. Banning succeeds Willard L. Johnson, who was recently named Budget Officer of the Treasury Department.

Glasser has succeeded Coe not only as top monetary research man in the Treasury's permanent organization, but also as Secretary of the National Advisory Council. During Glasser's absence in Geneva this post was temporarily filled by W. H. Taylor, who during and since the war has served in various countries abroad as the Department's ace reporter and trouble shooter in matters of prime national importance.

Godie Gets Chicago Exchange Seat

CHICAGO, ILL. — Anthony L. Godie, partner of Cruttenden & Co., 209 South La Salle Street, was elected to membership in the Chicago Stock Exchange by the Executive Committee, it was announced.

C. F. Cassell & Co. Add Two to Staff

CHARLOTTESVILLE, VA. — Thomas H. Wyllie, formerly connected with the Sales Department, has returned to C. F. Cassell & Co., Inc., 112 Second Street, N. E., after 18 months' service in the Army, most of which was spent in the Pacific area.

Marvin C. Sours joined the firm as Cashier on June 1. Mr. Sours has been identified with the banking and insurance business for a number of years and held responsible positions with the Fidelity and Casualty Company of New York and with the Bank of Virginia, Richmond, Va.

Lift Export Bans to Austria

The Office of International Trade of the U. S. Department of Commerce announced on Aug. 16, that Austria has been removed from the list of "Group E" countries for which special restrictive export licensing regulations are in effect. The action paves the way for resumption of normal trade relations with that country to the extent that economic conditions in Austria permit, said the Department, which added:

General license privileges which enable exporters to ship freely to most countries goods that are not in short supply are now extended to include Austria. The only countries remaining in the "Group E" category are Hungary, Bulgaria, Romania, Spain and its posssessions, Korea, and the occupied islands of the Pacific. No private trade is as yet permitted with Germany or Japan.

Capital Issues Still Controlled in Australia

The Conference of Federal and State Ministers at Canberra has agreed that control of capital issues should continue for at least three years. It was decided that control should apply also to mortgages and interest rates generally.

Is The Business Cycle Changing?

Wesley C. Mitchell and Arthur F. Burns find absence of secular trend in intensity of successive expansions or contractions. Tentatively conclude Great Depression hit bottom in Spring 1933 rather than Summer 1932.

Is the business cycle producing the increasingly severe "commercial crisis" that Karl Marx predicted it would in his *Das Kapital*, published in 1867? Is it giving place, as Thorstein Veblen argued a generation later, to a chronic state of mild depression, relieved only occasionally by random influences? Has its pattern altered, as some foreign observers maintain, because of structural changes in the economy which were inaugurated with World War 1? Or is it in process of being "ironed out", as many Americans were persuaded in the "twenties"?

There is little evidence to support any of these sweeping generalizations, according to a study published today by the National Bureau of Economic Research under the title **Measuring Business Cycles.** Professors Arthur F. Burns and Wesley C. Mitchell, co-authors of this work, while emphasizing that only qualified conclusions are possible from the data available, find little or no presumption in statistics of business cycle durations that they have undergone noteworthy secular changes. The data pertaining to the severity of business cycles are less reliable than those bearing on their duration, but the evidence provided by indices of business activity in this country "fails", according to this study, "to disclose any very clear trend in the intensity of successive business-cycle expansions or contractions."

Durations of Business Cycles Vary Widely

The authors' conclusions as to the durations of business cycles are based on studies of cyclical phenomena in the United States and Great Britain since 1854, in France since 1865 and in Germany since 1879. In each case the period covered is divided into three roughly equal parts. It is found that in the case of the United States the average duration of the business cycle declined from 61 months in the earliest of the three sub-periods (1854-85) to 40 months in the second two and 42 months in the most recent (1908-33). But within each period the cycles varied greatly in duration. The shortest cycle in the first period lasted 30 months, the longest, 99. In the last period the shortest cycle ran 29 months from trough to trough, the longest, 63. In the three other countries the variations are similar, with little indication of a secular decline in cycle duration.

It is possible that a lasting change has taken place in the character of the business cycle since 1914, note the authors of this study, "but we do not have as yet a sufficient number of cyclical observations to establish the result with confidence." There is some evidence, though it is far from conclusive, that cyclical fluctuations in the United States have intensified. But the authors observe that on the whole their measurements "indicate a family likeness between the business cycles that came before and after 1914."

Business Activity in Great Depression at Low Points in Summer of 1932 and Spring of 1933

On the controversial question of whether the depression which began in 1929 in the United States touched bottom in 1932 or in 1933 the Burns-Mitchell study inclines toward the latter date, though it withholds final judgment on the matter until this tentative conclusion has been tested in the light of further studies of economic series now in progress or contemplation by the National Bureau. "Business activity," they note in discussing this period, "fell to a deep trough in the summer of 1932, revived in the autumn, slumped again at the end of the year, and reached a new trough in the Spring of 1933. Of the two troughs that in the summer of 1932 is lower in the Federal Reserve Board index of production and in several other series. But a great majority of the series show a lower trough in the Spring of 1933. We believe that the evidence favors this date rather than June or July, 1932." In Great Britain and Germany the turning point came in August, 1932, and in France in July, 1932.

Burns and Mitchell, incidentally, reject the idea that the period 1933-37 included two or more separate "cycles". They set down in detail six reasons for concluding that this was a single cyclical expansion which, "unlike past recoveries in this country, was subject to repeated political shocks."

Measuring Business Cycles is Second of a Series of Studies in Business Cycles

Measuring Business Cycles is the second of the National Bureau's "Studies in Business Cycles" and may be said to represent the second stage in the development of a comprehensive scientific inquiry into the nature of this economic phenomenon. That inquiry was initiated with the publication in 1927 of Professor Mitchell's **Business Cycles: The Problem and Its Setting**, today widely regarded as the outstanding reference work on the subject. The present volume sets for the methods developed by the Bureau over a number of years, first under Simon Kuznets and later under Dr. Burns, the present Director of Research, for the measurement of business cycles; presents various tests of these methods, and discusses their limitations.

The third stage of the program involves the application of this technique to time series representing various groups of economic activities, and the results will appear in the form of a number of monographs prepared under the directions of persons specializing in these fields. Hundreds of time series, most of them in monthly form and extending back twenty-five years or more have already been collected and analyzed. Some of the monographs are already under way and the list will be expanded as early as conditions permit.

The original plan for the project as a whole called for a final volume in which the conclusions of these special studies would be brought together in a grand synthesis. In view of the pressure of the times, however, it has been decided that the best summary that can now be framed of what typically occurs in a business cycle should be made available without further delay. Such an interim study will be published shortly under the title: **What Happens During Business Cycles: A Progress Report**, by Professor Mitchell.

A useful feature of the present volume is a "Reader's Guide" contained in the preface. This is a table indicating the chapters likely to prove most useful to different categories of readers, ranging from "Laymen and Economists with a General Interest in Business Cycles" to "Statisticians", the latter classification being further subdivided according to the particular phase of the problem of primary interest to the reader.

Officials of Fund and World Bank

(Eighteenth of a Series)

F. A. DOS SANTOS-FILHO

Executive Director of the Fund

Francisco Alves dos Santos-Filho was at Savannah elected to one of the two executive directorships of the Fund reserved for Latin America under the terms of the BW Fund Agreement. He received a total of 4,575 votes from Brazil, Chile, Peru, Uruguay, Bolivia, Ecuador, Paraguay and Panama, thus casting 5.53% of all the votes in the Fund. Santos-Filho, then director of foreign exchange of the Bank of Brazil, attended the BW Conference of 1944 as a member of Brazil's delegation, and attended the inaugural meeting of the governors of the Fund and Bank this year at Savannah in the capacity of Brazilian governor of the two institutions.

F. A. dos Santos Filho

Mr. Santos-Filho was born in Brazil 50 years ago and began his banking career with the Banco Commercial do Estado de Sao Paulo. Later he became successively manager of the bank's branch at Ribeirao Preto, foreign-exchange sub-manager of the Sao Paulo office, and manager of the Roi de Janeiro branch of the bank. Santos-Filho later became director of the Bank of Brazil. After returning to Sao Paulo, Mr. Santos-Filho rejoined the Banco Commercial do Estado de Sao Paulo and subsequently served as Secretary of Finance of the State of Sao Paulo.

Mr. Santos-Filho was director of foreign exchange of the Bank of Brazil from 1939 until taking his present post in Washington. He attended a conference of representatives of Latin American central banks in this city in 1942.

Public Utility Securities

Columbia Gas & Electric, in conformity with its integration plan under the Holding Company Act, is disposing of its two important electric companies, but retaining its huge gas distributing system (with possible minor changes). Dayton Power & Light common stock holdings were offered to the public some weeks ago, this being one of the few successful offerings of utility equities in 1946. Holdings of 2,040,000 shares of common stock of Cincinnati Gas & Electric are being disposed of differently. Common stockholders of Columbia Gas & Electric have been offered the right to subscribe to all but a small fraction of this stock at $26 a share (the warrants expiring Sept. 9th) in the ratio of one share of Cincinnati for each six shares of Columbia held. On expiration of the warrants an underwriting group headed by Blyth & Co. and First Boston Corporation will offer any unsubscribed stock (together with the small amount not offered to stockholders, about 1,688 shares). If any stock is resold for more than $26 a share by the syndicate, Columbia Gas is to receive three-quarters of the excess amount.

Purely as compensation for the risk of undertaking a two weeks "standby" guarantee to purchase the entire issue, the underwriters will receive 55¢ a share or in excess of a million dollars. They will also receive (but only on shares actually taken up and re-offered) an additional 80¢ a share if one-quarter (or less) of the total issue is thus handled, 90¢ if one-quarter to one-half is taken up, and $1 if over one-half is involved.

Utility common stocks are now sold largely on a yield basis, with price earnings ratios and other factors given secondary consideration. Ohio stocks are, however, affected to some extent by the rather peculiar system of rate regulation in that State, whereby the rate regulating function is divided between municipalities and the state commission. The General Code of Ohio authorizes rate contracts between a municipality and a utility serving it, subject to public referendum; but if the rates established by municipal ordinance are not acceptable to the utility, it may appeal to the state commission, which can then fix rates for the period covered by the ordinance (2 to 10 years).

Both gas and electric rate schedules in the Cincinnati have been in litigation for some time and the company has had to impound the additional revenues, representing the difference between rates charged and rates as set forth in the "appealed" ordinance. The amounts now in escrow total about $4,300,000. This litigation has many ramifications and it is impossible to analyze it in this review. However, the company's residential electric rates are quite low—about 2.9c per kwh—and it seems unlikely that final adjustment of the rate problems will prove adverse, considering cushioning effect of Federal taxes.

The company has paid dividends for 93 years continuously and the indicated future dividend rate of $1.40 a share on the new stock seems reasonably conservative. Based on the pro forma earnings statement contained in the prospectus share earnings on the common stock have ranged between $1.19 in 1941 and $1.40 in 1945. However, the figures are adjusted to take care of the rate cuts if they finally become effective. Also, the company last year paid out $1.03 per share in excess profits taxes, and earnings adjusted to the new tax base were about $2. In the five months ended May 31, 1946 nearly $1 a share was earned. Hence, even if the company loses its rate case the indicated $1.40 dividend is only about 70% of indicated earnings.

Dayton Power & Light is currently selling at 35 to yield 5.15% and Columbus & Southern Ohio (also recently put on the Big Board) is selling at 46½ to yield practically the same return. It seems logical, therefore, that Cincinnati should sell on about the same yield basis, which would mean a price of about 27⅛. This is about what has happened; the when-issued stock opened on the Board last Friday at 26⅛ and advanced to 27¼.

This advance gave a phenomenal opportunity for a profitable trading in the Columbia Gas rights, of which 489,000 changed hands on Friday. Theoretically, the rights should sell at 1/6th of the difference between 26 (the subscription price for Cincinnati) and its market value. They opened at 1-128 or less than 1c apiece, and advanced to 7/32 or about 22c each. A fortunate purchaser at the opening may thus have been enabled to make a gross profit of 2,000% or over during the day.

Ferguson Named Assistant to Head Of World Bank

Mr. John H. Ferguson, formerly Special Assistant to the Under Secretary of State, was appointed Assistant to the President of the International Bank for Reconstruction and Development on Aug. 12, 1946.

John H. Ferguson

Prior to the war, Mr. Ferguson practiced law with the firm of Root, Clark, Buckner and Ballantine in New York City. He came to Washington in 1942 in the Procurement Legal Division of the Office of the Secretary of the Navy.

For the past two years Mr. Ferguson has been in the State Department, where he was closely associated with the lend-lease program and with the presentation to Congress of the Bretton Woods Agreements, under which the International Bank and Monetary Fund have been established.

In the summer of 1945, he accompanied Assistant Secretary of State Clayton to London for the dual purpose of attending an UNRRA Council Session and undertaking the preliminary conversations concerning the British credit of 3 billion 750 million dollars. Later he participated in the negotiations with the British Government in Washington and was active in the presentation of the British Financial Agreement to the American Congress.

A. J. Meyer Forms Own Firm in Newark, N. J.

NEWARK, N. J. — Abraham J. Meyer is engaging in the securities business from offices at 60 Park Place, under the firm name of A. J. Meyer & Co. He was previously Vice-President of Pascal & Beckelman, Inc.

Firm to Be Coffin, Betz & Sullivan

PHILADELPHIA, PA. — The firm name of Rakestraw, Betz & Co., 123 South Broad Street, members of the New York and Philadelphia Stock Exchanges, will be changed to Coffin, Betz & Sullivan, effective Sept. 3rd.

Isern Nominated U. S. Envoy to Puerto Rico

Dr. A. Fernos Isern on Aug. 12 was nominated to become Puerto Rican Resident Commissioner in Washington by the Puerto Rican Popular Democratic Party, it is learned from United Press advices Aug. 12 in the New York "Times," which added:

He succeeds Jesus T. Pinero, named by President Truman as Puerto Rico's first native Governor. Mr. Isern's nomination is tantamount to appointment since the insular Senate which must confirm it is controlled by the Popular Party. Dr. Isern is now Commissioner of Health.

Reference was made in the "Chronicle" of Aug. 8, page 806, to President Truman's nomination of J. T. Pinero as new Puerto Rican Governor.

Reserve Board Reorganizing Research Depart.

WASHINGTON, Aug. 28.—In view of the growing emphasis on international affairs, the international section of the Federal Reserve Board's division of research and statistics is being reorganized with the approval of the Board of Governors. Research on international affairs hereafter will be handled in three different sections under Mr. J. Burke Knapp, Assistant Director of the research division. The three sections are international economic policy, international financial operations, and foreign country studies. To head the first of these the Board is at present looking for a qualified person from the outside. The second is to be headed by Mr. Lewis Dembitz, of the existing staff. The third will be headed by Mr. Alexander Gerschenkron, a Russian specialist who came to the Board from California. Walter R. Gardner and Robert Triffin, two of the research division's experts, have recently left the Board of Governors to join the World Fund.

Mr. Lloyd Metzler, a member of the research division, who earlier this year served as economist for a group of Americans studying the reorganization of German finances, is soon leaving the Board to join the economics faculty of Yale University as assistant professor of economics. Metzler came to the Board from OSS. Before that he was on the staff of Harvard University.

Mr. Woodlief Thomas, director of research of the Federal Reserve Board, is at present in Mexico City where, in the company of another member of the staff, David Grove, he is attending the first meeting of Western Hemisphere central bank economists.

Among others attending the Mexico meeting are two members of the staff of the Federal Reserve Bank of New York—Horace Sanford, manager of the foreign department and Henry Wallich, economist; the director of research of the Federal Reserve Bank of Dallas, Mr. Irons; a representative of the World Fund, Mr. Robert Triffin (who was originally scheduled to attend as a representative of the Federal Reserve Board); Mr. Herman Max, representing the central bank of Chile; Mr. Victor Urquidi, economist of the Bank of Mexico, who was a member of the staff of the Mexican delegation at BW; and Mr. Raul Prebisch, formerly of the central bank of Argentina and now, apparently an exile from that country, serving as an advisor to the Mexicans.

Is Our Oil Position Sound?

(Continued from page 1140)

states — Wyoming, New Mexico, Montana, Colorado and California —embraces three hundred thousand square miles of potential oil bearing land not yet tested.

"The industry is made up of energetic and venturesome men who as individuals and through organizations both big and little have the courage, knowledge, and the skill required to find and to produce petroleum.

"So the government under a new law signed by President Truman on Aug. 8 has offered an incentive to the industry to make a complete test of the public domain. Recognizing the hazards and great expense involved in drilling ten thousand feet and more to the deep horizons that must now be pierced, Congress has said to the industry that instead of charging high royalties ranging from twelve and a half to thirty two percent it will be content to exact only a flat royalty of twelve and one-half percent of all production from new discoveries. In other words it offers a reward to stimulate exploration.

"But that is not all. The scientists of the U. S. Bureau of Mines are now engaged in demonstrating how liquid fuel can be made from coal and oil shale, inexhaustible deposits of which are to be found in Rocky Mountain West.

"Government and industry. That's a good pattern and it will win triumphs in peace as well as victory in war."

Mr. Holman stated his views of the oil situation in the following answers to questions put to him by the announcer:

Q. How much longer can we look to the earth for oil?

A. The earth will continue to give us oil for generations. In the United States alone we estimate that there is as much oil remaining to be found as has already been produced since the industry began. The resources of the rest of the world, which are much greater than ours, are still largely undeveloped.

Q. Well, what do you think the oil situation of this country will be in, say, 20 years?

A. The oil industry expects its proved reserves—its known undeground working stocks—to be as great in 20 years as they are today.

Q. How can that be? We will be using oil all along, won't we?

A. Yes, but we will also continue to find it. During the war our efforts were turned to production while exploration lagged. But today oil explorers are hard at work uncovering new sources, and we are certain that oil will continue to be found in large quantities.

Q. If our reserves in 20 years are to be as great as they are now, that means that we must find as much oil as we use, doesn't it?

A. Yes, that is true, but not all of this oil need come from our own soil. In order to satisfy the demands of the future without drawing too heavily on our reserves, this country will have to depend partly on imports. But these will not *compete* with domestic oil. Instead, they will *supplement* production at home and enable the industry to stay strong and keep its reserves at a safe level. As a matter of fact, we shall never actually run out of oil. Should natural supplies show signs of diminishing, we shall utilize other sources to an increasing extent. In addition to imports, there are, for example, natural gas, coal, and oil shales to draw on. In the long run, coal alone offers an almost inexhaustible domestic source of oil products. The conversion of these resources to oil is perfectly feasible and awaits only the economic need.

Q. What you say, Mr. Holman, is certainly reassuring. But what about national emergencies which would demand sudden increases far beyond normal production?

A. No oil man thinks of his country's future without considering the possibility of national emergencies. On such occasions we would, of course, have to draw much more heavily on our reserves. That is one of the main reasons why we must maintain a healthy, progressive oil industry.

Q. On the whole, then, you are optimistic about the future of oil.

A. Yes, we in the oil industry are optimistic. We intend to keep on looking for new oil. We expect to make the production and use of oil more and more efficient. We want the country to get better products and plenty of them at lower prices. Oil means too much to our entire civilization for us even to contemplate a shortage. Today, our oil position is sound. We want to keep it that way.

"Our Reporter on Governments"

By JOHN T. CHIPPENDALE, JR.

Inactivity, light volume, and a declining trend, especially in the longer bank eligible issues, are still the characteristics of the government securities markets. . . . The heaviness of the eligible obligations, particularly the 2½s due Sept. 15, 1967/72, which have been making new lows, may be due in part to the changes in short-term rates and short-term holdings of the banks, the favorable trend of loans, and the opinions that the yield differential between this bond and comparable maturities of the restricted obligations, are too narrow. . . . It was pointed out that the commercial banks, with their short-term holdings being reduced by debt retirement, are not in the same position as in the past to shift from near-term issues into longer maturities. . . .

This has taken some of the demand out of the market for the longer bank eligible obligations. . . . Loans of the member banks have been expanding for quite some time and it is expected that this trend will continue, with an important pick-up in this kind of business anticipated after the turn of the year. . . .

As long as the outlook for loans is favorable there is not the same need to reach for the longer maturities in order to maintain or improve income. . . .

NEW ISSUE ON AGENDA

It is believed in most quarters that one of the important things that will be taken up in the coming meetings between Secretary of the Treasury Snyder and the institutional heads and dealers will be a new bond issue. . . . While there is still considerable guessing as to when such an offering will be made, it is nevertheless a very important factor market-wise and will continue to be as long as it is overhanging the market. . . . There is no doubt the fear of a new issue of securities has been largely responsible for the downward drift in the restricted bonds, which are not far above recent lows. . . .

With the ineligible bonds in an uncertain position, and the demand for bank issues curtailed somewhat by changing money market conditions, there is the belief that in the future prices of these two issues will tend to move closer together. . . .

How great the yield differential between these two types of securities should be is the subject of considerable discussion. . . . Whether it should be 0.15, 0.25% in basis or 0.35% in basis, or some other figure is a question that will probably not be answered until the much talked of new financing becomes a reality. . . .

FURTHER RECESSION

There are those in the financial district who believe that the longest restricted bond, with a new offering of securities, may move down to 101½ or 101. . . . This downward revision in prices, according to reports, would not be looked upon adversely by the monetary authorities, because it is believed that such a recession would most likely shake out the remaining speculators, which is what the powers that be evidently want to take place. . . . With speculation out of the situation, the market would then be on an investment basis and less subject to wide price movements as in the past. . . .

A downward movement in the ineligible issues would no doubt have an effect on the bank eligible securities, which may be responsible for the talk that prices for the 2½s due Sept. 15, 1967/72, in the neighborhood of 105 to 104½, would not be surprising. . . . Also some believe that the 2s due Dec. 15, 1952/54 could recede to levels between 103 and 102½.

INDECISIVE

The action of the market recently has been very indecisive despite a declining trend because of the light volume, inactivity and the quoting down of prices. . . . Financial circles are full of rumors and uncertainty is rampant, with all sorts of opinions and guesses as to where short- and long-term interest rates will go. . . . Most of the portfolio managers and dealers are on the sidelines waiting to see what will develop and undoubtedly they will remain there until there is something more tangible to go by. . . .

There seems to be a very general feeling that prices will tend to be shaded further, although it would take very little to change this attitude. . . .

When a market is declining no one seems to want to buy because they all believe they can pick them up cheaper. . . . Then comes a turn in prices and there are very few if any sellers. . . . There is no doubt that the market is being watched very carefully since many of the securities are selling at prices that would have been considered very attractive not so long ago. . . .

LOAN TREND UPWARD

Commercial, industrial and agricultural loans of the member banks have been showing a steady uptrend, and indications are that this will continue, with a more substantial improvement anticipated next year. . . . Since V-E Day these loans have increased more than 40%, for all of the reporting member banks, with the largest improvement being shown for the San Francisco area with a gain aggregating 65%. . . . The next most substantial betterment was made in the Dallas district, where the increases amounted to 58%. . . . The Philadelphia and Richmond areas reported gains of 54% with the New York district following with 41% and Atlanta and St. Louis each showing increases of 40%. . . . Cleveland was next with 39%, then Chicago with 32%, Kansas City with 29% and Minneapolis bringing up the rear with only 18%. . . .

This greatly improved demand for loans (even with term loans excluded) has had an effect on the government securities markets which was reflected first in the shorter-term securities, and is now being felt in the longer-term issues. . . . As these loans expand, and that is what is expected, it will have a more noticeable effect on the demand for government obligations from the commercial banks. . . .

This does not mean that these institutions will not be interested in government obligations because these securities will continue to be the most important holdings of the banks. . . . It does, however, indicate that the deposit banks will be more selective in their buying and less inclined to follow prices up, because of fear of not being able to obtain the issues they consider attractive. . . .

TREASURY AND INDUSTRY CONFER

A series of conferences on financial problems has opened in Washington between Secretary of the Treasury Snyder and heads of the large financial institutions. . . . The first group to meet with the Treasury Secretary was the finance advisory committee of the American Bankers Association. . . . Meetings will also be held in September with representatives of insurance companies, investment bankers and security dealers. . . . The purpose of these conferences, it is believed, is to help Mr. Snyder obtain information for a report that he will make on his department sometime this fall. . . . Financial observers expected that there will be discussions concerning the freeing of the buying rate on Treasury bills and certificates in view of the firming of short-term rates, so as to bring greater flexibility into the money markets in order to curb inflationary tendencies. . . .

Likewise it is indicated that long-term rates which have also hardened somewhat lately will come in for consideration, as well as proposals for new financing. . . . The investment needs of insurance companies, savings banks, will no doubt be discussed as well as the effects of the debt retirement program on the commercial banks.

U. S. Chamber of Commerce Offers Fiscal Policy

Proposes a balanced budget under reduced expenditures and lower taxes. Holds budget of present fiscal year is disappointingly high and foresees prospective deficit. Advocates extensive improvements in Federal revenue system.

Attainment of a balanced federal budget at a lower level of expenditures and taxation is the goal of the United States Chamber of Commerce as set forth in a statement of fiscal policies approved by its membership. The document is issued in connection with efforts of the Chamber to obtain action in line with its policies at the next session of Congress.

The policy declaration with respect to economy and a balanced budget follows:

"It is of crucial importance that Congress curtail government expenditures which are the key to the problems of lower taxes, reduced debt, and a stable fiscal system.

"There should be abolishment of all war or other activities no longer needed, rapid reduction in the number of government employees, and, until improvement of the fiscal position, deferment of any expensive new undertakings, even those of substantial merit.

"The proposed budget expenditures for the year beginning July 1, 1946, are disappointingly high and would mean a further deficit which should be avoided by requirement that expenditures shall not exceed revenues.

"For subsequent fiscal years there should be definite and adequate provision for debt retirement. A balanced budget, with such provisions, should be the normal procedure."

With respect to taxation, the policy statement says:

"Extensive improvements in the federal revenue system and much lower rates of taxation are essential to a healthy economy.

"A stable, equitable and workable system, which permits replenishment of well-springs of enterprise, should be devised. While large revenues are essential, they should be sought with a minimum of braking effect upon incentives to production and trade.

"The burden of taxation should be widely and equitably distributed to reach all sections of the public and all forms of economic activity.

"There should be full recognition of the principle that the combined burden of taxes upon business undertakings and investors therein should not prohibit a fair return, after taxes, commensurate with the risks involved."

The policy declaration regarding the public debt says:

"Early establishment by the Congress of definite public debt policies and procedures is of transcendent importance.

"There are involved not only protection of the credit of the government, and the interests of individual and institutional holders of its obligations, but the stability of the whole financial system of the nation.

"As an over-all policy there should be provision for rapid retirement of the debt consistent with an expanding economy. This requires insistence upon as low a level of expenditures as will suffice for indispensable public services and as high a level of revenues as economic progress permits with a view to creation of year-end surpluses sufficient to support a definite program of debt retirement."

Jos. E. Mulhall Is Forming Inv. Firm

ENGLEWOOD, N. J. — Joseph E. Mulhall is engaging in the securities business from offices at 55 West Palisade Avenue. He was formerly connected with Tellier & Co. in New York City and in the past conducted his own investment business in New York.

Mutual Funds

Every reaction in an extended bull market—such as the two dips we have experienced recently—raises the vital question, "Is this the beginning of that long slide back?". The answer, of course, is that nobody knows! All we can do is examine the forces at work, weigh them, and reach our conclusion on the basis of the probabilities as we see them. Unfortunately, such a process leads different analysts to opposite conclusions but does not assure the accuracy of either.

Mutual fund managers are, in the main, still bullish—although with certain reservations. The **Keystone** organization has indicated the probability of a top in the 247 "zone" of the Dow-Jones Industrial Average. **Distributors Group** sees opportunities for appreciation in the heavy capital goods industries, notably the steels and the rails, and also in the oil, merchandising, aviation and tobacco stocks. **George Putnam Fund's** Trustees have been "pulling in their horns" for some time and continue to strike a note of caution in their published statements.

The managers of **New York Stocks** and **Manhattan Bond Fund** recently pointed out that if we do get a bear market now, it will be a bear market in stocks and not in business. This, they consider unlikely to occur. The management of **Fundamental Investors** is currently emphasizing its judgment with a substantial cash position in that fund.

Wellington Fund, one of the oldest and most successful of the balanced funds, is currently about 54% in equities and 46% in "defensive" securities. The management responsible for the **Lord, Abbett** group of funds is optimistic and, while stressing the need for experienced selection, envisions higher security prices. In fact, this viewpoint perhaps most closely represents the "average" opinion of the majority of fund managers.

For what it may be worth, we are inclined to agree with Arnold Bernhard's recent dictum, "Technical Reaction—Not A Bear Market." Until the heavy capital goods stocks more fully reflect the greatly increased earnings which appear in prospect for them, it is difficult for us to become excited over the "probability" of a mjor decline. (Our biggest concern this past month has been to locate a new furnace, gas range and hot water heater in competition with several million GI Joes and not a few other people.)

* * *

"Two-Way Traffic"

"Investors by habit come to think of all rising markets as beneficial and all declining markets as disastrous.

"A study of the (Dow-Jones Industrial Average) will disclose that since 1900 there have been 11 bull markets and 11 bear markets. It is, therefore, quite obvious that the investor lives on a two-way street.

"Formula Plan Investing provides for two-way traffic in the stock market. In a rising market, it calls for taking profits at predetermined market levels and moving capital into conservative classes of securities. Thus gains are preserved against the day of declining stock prices. In a falling market, this procedure is reversed—the lower prices go, the greater is the percentage of capital invested in stocks.

"Two features of this Formula method deserve particular attention: (1) The investor not only assures himself of having realized profits when the rising market is over, but he also takes advantage of the ensuing decline to purchase stocks at lower levels and build a base to obtain capital gains in the next major advance; (2) he has at all times a definite program without any necessity of attempting to forecast the extent or duration of the market trend." —*From current issue of Keynotes.*

Investing, Speculating and Gambling

In a new folder on **Diversified Speculative Shares**, Hugh W. Long & Co. presents the following word chart:

AIM

Investing — To put money to work producing income and some appreciation; *Speculating*—to use money in the securities market to make money; *Gambling*—to seek great profits in relation to the amount of money at work.

RISK

Investing—Risk varies, but usually ranges from "small" to "medium"; *Speculating* — Risks are greater than in investing, as are possible rewards; *Gambling*—Risk is the possible loss of all or a major portion of capital.

METHOD

Investing — Securities of sound value and with satisfactory records of income payments are employed; *Speculating* — Securities are selected for qualities indicating an ability to increase in value more rapidly than the general market; *Gambling*—Securities of little or no demonstrable worth are bought on a long chance that future developments will contribute substantial values.

The Soviet System: Challenge to International Trade

(Continued from first page)

Bank for Reconstruction and Development (See Harvard Business Review, Autumn, 1946). Chapter and verse were cited to the effect that it would be contrary to the vital interests of the Soviet statist-totalitarian regime to ratify the Bretton Woods Agreements now. Likewise Soviet aloofness to the American proposal for the Trade Conference, which, in turn, should create an International Trade Organization (ITO), is also an integral part of the global picture reflecting Russia's reaction to the international political entanglements.

According to some Soviet spokesmen, the publication on Dec. 6, 1945, of the Anglo-American Financial and Commercial Agreement was the "price" paid by the United States for Britain's ratification of the Bretton Woods Agreements and for her accepting the invitation to participate in the projected I. C. T. E. Since no parallel assurances of loans and credits were thus far given to the Soviet Government by the United States; that is, no "price" has yet been offered to the Soviets for their proffered participation in the Bank and Fund and in the Trade Organization, the Soviets are reciprocating in kind by remaining aloof to these projects.

Soviet Concept of Foreign Trade Defined

The time-honored definition of foreign trade has been given by the Minister of Foreign Trade, Anastas I. Mikoyan, who is as of this writing also a member of the powerful policy-making **Politburo.** In the course of his report read before the Eighteenth Congress of the Communist Party on March 13, 1939, Mikoyan stated, "Questions of foreign trade are becoming more and more definitely bound up with the foreign policy of the various states. In our trade abroad we have to take into consideration the system of foreign trade established in the various countries and the political relations that exist between the U. S. S. R. and these countries, for trading relations, their character and volume, are directly dependent on political relations. Hence the difference in the character of the trade agreements concluded between the U. S. S. R. and other countries. . . . We have begun to buy more on a cash basis, to avoid paying too dear. Now we often refuse credits that are offered to us; we take them only when they are cheap and extended for long terms."

This Soviet thesis has been more recently restated in a form that has specific application to the United States. In his book "Why the United States Fights Against Hitlerite Germany," published in Moscow, late in 1942, former Soviet Ambassador Alexander A. Troyanovsky argues that in order to counteract the economic influence of Germany and in order to compensate the Latin American countries for their losses of German markets as a direct result of the present war, the Congress of the United States appropriated $500,000,000 to the Export-Import Bank for the purpose of providing credit with which to stimulate trade between the United States and Latin American countries. The inferences which Mr. Troyanovsky draws are self-explanatory, namely, the United States joined the war against Germany because the Nazi regime attempted to monopolize the entire trade throughout the South American countries.

Paramount Geo-Political Factors

Within the visible future the U. S. S. R. expects to effectuate its policy of integrating adjacent areas into the Soviet economic system whereby 10 European, five Far Eastern and two countries in the Near-Middle East will exercise rigidly State controlled monopolies of foreign trade. This means that the Ministry of Foreign Trade of the U. S. S. R. will eventually be the clearing-house of about one-fifth of the world trade. Moreover, exchange of goods and services in this part of the "globe" could conceivably be carried on without Russia's participation in the proposed ICTE.

Soviet political economists express anxiety lest the proposed ITO and the Fund should prove great obstacles to the economic and social integration of 17 countries into the Soviet collectivist system. Like the British, the Soviets are opposed to the principle of multilateral trade and are also setting up blocs and regional groupings. Illustrative of this far-reaching policy is the Decree promulgated in Hungary on Jan. 18, 1946, which prohibits the making of even conditional offers to export and the accepting of offers to import without authorization of the Hungarian Board of Foreign and Domestic Trade.

Current Soviet activities in each "liberated" country are fraught with dangerous difficulties; hence the Soviet Government can ill afford to have the economic reconstruction and industrial development of each of these countries identified with outside assistance other than that of the U. S. S. R. Consequently, it is to their interest to procrastinate and prolong the process of re-establishing free trade until they will be in a better position to compete with the United States. Temporarily, this indifference enhances the bargaining power of

the Soviets in their political relations with the other two Great Powers.

One of the basic cores of the **Big Three** thesis which Soviet publicists have been expounding during the past two years has been to the effect that they can ill afford, at this state in world affairs, to embark on a program of multilateral trade agreements unless and until they will effect first satisfactory commercial arrangements with the United States and the United Kingdom, respectively. They do not want to become beholden to foreign investors who are very influential citizens of the United States. Similarly, they are eager to obviate any occasion that might involve them in disputes through the "tortuous" business practices of American or British investors, unless they can exact a "price" that would merit such risks.

More important is the fact that the lack of a national commercial policy and the absence of concerted action on the part of American business engaged in foreign trade work to the advantage of the Soviet Union. Therefore, why should the Soviet Government accept the American invitation to participate in the Conference without having received advance assurances of a substantial "price" for such coopertion parallel to that paid to the British Government?

State Department's Experiences Disregarded

Obviously, the Soviet Government is not interested in foreign trade as a means to create employment. The "intrinsic laws" of the Soviet system preclude the possibilities of widespread unemployment. This is one of their prize arguments justifying their totalitarian regime. Surely, Soviet leaders are not interested in world trade in order to create employment in the United States, especially in Great Britain.

The Soviets can not participate in any international organization which would obligate them to (1) exchange economic information, (2) refrain from business practices that are deterrents to free trade, and (3) effect commercial arrangements on a *quid pro quo* basis.

Soviet political economists have made it abundantly clear that they did not fight the deadliest war in history in order to make the world safe for international trade, which for the next generation will redound to the benefit of British and American financiers. Evidently the technical staff that has prepared the "Proposals for Expansion of World Trade and Employment" which accompanied the invitations to the ICTE, proceeded with its preparation in apparent disregard of the State Department's experience at the Civil Aviation Conference held in Chicago in November, 1944, and at the International Business Conference held in Rye, N. Y., during the same month.

The Soviet Government is in no position now, nor does it expect to be within the next two decades, to engage in large scale international trade or to compete with British and American established channels of foreign commerce. The Soviets can buy huge quantities of goods and services and, by the same token, they can sell raw materials and other products, but they have not yet established commercial channels, exchange rates, credit facilities and other media in order to be able to engage in global-wide international trade *per se*, or to carry on world trade for commercial purposes, for profit motives. Nor are the Soviets in a position **now** to compete with British diplomacy, commercial facilities, and merchant marine, or with American industrial capacity, technical "know how," and economic wealth.

American Trade Proposals Duplicate Those of the Economic and Social Council

Salient features of these Trade Proposals provide, among others, for cooperative solution of the problems of serious and pertinent unbalance in the supply and demand of particular commodities, especially primary products. Thus formulated, this provision would seem to hasten Soviet adherence to these Proposals. However, the Soviet Government is already participating in the initial efforts to achieve this objective through its representatives in the Economic and Social Council of the United Nations. The council has made its own arrangements to prepare for and to call an International Conference on Trade and Employment "for the purpose of promoting the expansion of production, exchange and consumption of goods." Actually, there appears to be duplication or overlapping of workable objectives to be achieved by two groups, composed of almost the same member-countries. The State Department and the Preparatory Committee of the Economic and Social Council will be at work on separate but basically related subjects, both directed towards the establishment of an ITO. As might have been expected, the Soviet Government could not accept the American proposal in the light of its participation in the Council, which has itself undertaken to arrange an ICTE.

Interlocking Connection Between the Fund and the Proposed ITO

Evidently another basis factor has not been sufficiently weighed in the development of the "Proposals for Expansion of World Trade and Employment" issued by the Department of State. How can we expect the Soviets to accept these "Proposals" which provide that members of the projected ITO shall abide by the exchange principles of the International Monetary Fund, an agency in which the Soviets refuse to participate? This is but one illustration of the close interlocking between the proposed ITO and the Fund.

The Trade Proposals also suggest that when members of the ITO are affected the Organization should be consulted by the Fund. Such interlocking is a good demonstration of the several approaches necessary to the goal of an expanding multilateral world economy. Granted. But neither the British nor the Soviet Government is observing this principle. On the contrary, both governments are currently engaged in effecting bi-lateral trade agreements. Precisely because the Soviets view the roles of the Monetary Fund and of the Trade Organization in great perspective, they have so far refused to participate in both agencies. The Soviet Ministry of Foreign Trade is equally apprehensive of other closely linked agencies. Through the Export-Import Bank facilities, the State Department has brought pressure to bear on many foreign governments to have their purchasing missions liquidated or to have them recalled from the United States. Obviously, this action strikes at the very core of the Soviet system insofar as foreign trade is concerned.

Whether we like it or not, the U. S. S. R. plus the 17 countries comprising the Soviet "security zone," offer potential markets for American-made goods and services of transcending value; but these markets are also a challenge to the free enterprise system of the United States, especially to the business community interested in foreign trade.

The Soviets Would Like to Witness Protracted Unemployment in the United States

The Soviets are also disinterested in the international organizations for Food and Agriculture, Labor, Civil Aviation, and Trade. The Soviet Government, as presently constituted, has as yet had no opportunity to profit by its cumulative experience on the basis of its own trial and error. Therefore, they are extremely reluctant in participating in the international organizations which would place them in an inferior competitive position with reference to the United States and the United Kingdom.

Admittedly, State Department officials recognize that international trade, while essential to the attainment of employment objectives, is a source of domestic economic instability. Fluctuations in foreign trade have been an important cause of economic dislocation in many countries and they may well prove to be a serious obstacle to the success of employment programs. Economic depressions, which are the major cause of such fluctuations, move easily across national boundaries. This would be especially true if the depression originated in the United States, presently the leading trading nation in the world.

It would, therefore, be contrary to the basic tenets of Communism if the Soviet Government were to undertake a course of action that would mitigate depressions and economic crises in capitalist countries. On the contrary, it is of the utmost importance to the Soviets to witness widespread unemployment and dislocation in capitalist countries which would simultaneously enhance their own trading position as a huge buyer of finished products.

America's Need of and for Foreign Markets

At the close of the year, 1946, the United States finds itself in possession of approximately one-half of the world's industrial capacity. Accordingly, top government officials are currently expounding the thesis that full employment is a fundamental post-war objective. By their own admission, the domestic market can not absorb the entire national output. Therefore, the problem of finding ways and means to utilize the nation's industrial equipment and to find markets for the national output is the primary objective of the proposed ICTE.

Oddly enough, these are precisely the arguments, but in reverse, advanced by the Soviets. If the dynamic Soviet phenomenon means anything, it is a challenge to the traditional concepts of free enterprise, free markets and full employment. In addition, as long as OPA and CPA are still legal entities in the United States, the impact of the Soviet challenge is not yet felt in its entirety.

In the interim, the fundamental thesis has again been reiterated recently in **Bolshevik** and in technical journals to the effect that in the U. S. S. R. the basic contradiction between the social character of production and its private-capitalist form do not exist. The end of the war, which means the end of a firm government market, renews the essential conflict between production and demand inherent in the capitalist system, and industry is again faced with the problem of finding markets. The problem of the market which faces capitalist industry at the end of the war, does not exist in the U. S. S. R., where industry is organized in the interests of society as a whole. In the U. S. S. R. there can be no conflict between demand and supply, no closing of factories, no unemployment. Thus the Soviet type of competition is also a reflection of the premise that the period of changeover from war to peace in capitalist countries will be fraught with terrific economic dislocation, unemployment, strikes and crisis. Since the Soviet planned economy system precludes such dislocation, there is no need to search for new markets. Accordingly, the Soviets are frank in stating that they propose to utilize America's need of new markets to the utmost and to channelize their purchases in the United States to the composite political and economic Soviet gains.

Conclusion

Although no definitive statement can as yet be made apropos of the Soviet position in the field of international commerce and finance, trends are discernible reflecting a set pattern and the pursuance of a flexible course of action within the framework of the United Nations. On the basis of signed articles, editorials, and surveys, which have recently appeared in Vneshnyaya Torgovlya (official publication of the Ministry of Foreign Trade) and in Soviet economic journals, it is reasonably correct to state that a flexible commercial *modus vivendi* could be worked out between American firms and the Soviet Government, and between American firms and the governments and firms of the 17 countries whose foreign trade will be directly or indirectly controlled by the Soviet Government.* As one of the Soviet representatives told this writer, the Ministry of Foreign Trade is now effectuating a policy similar to that followed by the government of the United States 15 years ago, in pursuance of the Tariff Act of 1930. Yet, through a series of trials and errors the United States is now beginning to reverse its position by refraining from those autarchic trade practices. By the same token, why not let the Soviets profit by their own experiences, as an all-embracing totalitarian planned economic system, with its rigidly State controlled monopoly of foreign trade?

*See "Congressional Record," June 21, 1946.

Pierson to Establish Affiliate in N. Y. C.

AMSTERDAM, HOLLAND — Pierson & Co., a well-known Amsterdam bankers firm, will establish shortly an affiliated firm at New York. The Nederlandsche Handel Maatschappy (Netherlands Trading Society) will participate in this new firm, which will be headed by A. Andriesse, formerly partner in Pierson & Co., Amsterdam, now financial adviser of Hallgarten & Co., New York.

Railroad Securities

Considerable speculative interest has been generated in the securities of Denver & Rio Grande Western recently and many rail men are pointing to the new junior securities, traded on a when issued basis, as having outstanding speculative potentialities at current levels. It will be recalled that in the Wheeler-Reed Reorganiztion Bill vetoed by the President a few weeks ago the Denver & Rio Grande Western would have been excluded. This factor has given rise to considerable optimism over the prospects for consummating the plan as is. Moreover, the plan is already so far along that there is a pretty widespread feeling that even if new legislation should be enacted by the next Congress it would come too late, regardless of its provisions, to affect the Denver & Rio Grande Western.

Optimism over the potentialities for the new securities is not based so much on the very drastic nature of the reorganization. Recent months have brought home quite forcibly the truth behind the often repeated warning that basic traffic and earnings weaknesses from which most bankruptcy proceedings stemmed are not corrected merely by the process of capital revision. The past earnings record of the road under normal economic conditions is also not of a nature calculated to support enthusiastic optimism. Rather, the speculative interest in the Denver securities has its source in the conviction in the minds of many railroad analysts that both from the standpoint of traffic and operations the property is an entirely different proposition today than it was even a few years ago.

From a traffic standpoint the most important new consideration is naturally the development of the steel industry around Geneva, Utah. Acquisition of these properties by the United States Steel Corporation is viewed as having favorable long-term implications. The finished product will be destined largely for consumption on the West Coast or for export to the Far East, and will therefore mean little to Denver & Rio Grande Western. This road will, however, have a most important stake in the inbound movement of the raw materials, particularly coal. Estimates of the possible revenues to be derived from this source run to as high as $5,000,000 a year with the mills operating at capacity. Potential demand for the products of the mills should logically result in capacity operations for at least a number of years to come. The bulk of raw materials, moving in train load lots, should prove particularly profitable to handle.

Aside from the direct benefits to be derived from the freight requirements of the steel mills there will naturally be some considerable indirect traffic benefits derived from the needs of the families working in the mills. Another consideration is that the main lines of the road itself, and of the connecting Western Pacific, have been virtually rebuilt during the trusteeship years. Thus the route should be better able in the future than it was in the past to offer some competition for through transcontinental freight. It is notable that testimony during earlier reorganization proceedings brought out the fact that the road's proportion of transcontinental traffic had been expanding during the 1935-1939 period before war distortions had set in. Also, in one of its early reports on the reorganization the Interstate Commerce Commission commented that "the Cut-off traffic possibilities have not yet been fully realized."

In addition to the change for the better in the company's traffic potentialities there is adequate cause for greater optimism as to the future operating performance. For one thing the greater stress on bulk commodities, such as coal on which the operating ratio is normally low, should materially improve the overall ability of the company to carry gross through to net. Furthermore, substantial funds have been spent in recent years on improvements to the property, which is now reported in excellent physical condition. The expenditures made during the trusteeship period are calculated to bring sustained important operating economies even as traffic recedes from the record war levels. These considerations, the effects of which have never been demonstrated in a peace economy, are not reflected in present market values in the opinion of many rail analysts.

President Truman and Railroad Reorganization

(Continued from page 1134)

the present reorganization plans were drawn up in a period "when the national income was $60 billions compared with our present national income of over $125 billions. [now over $160 billions]. To carry out these plans is like trying to foreclose the old homestead and dispossess the farmer when the drought is over, when the old mortgaged farm has fields full of grain and the livestock is fat."

"The insurance companies . . . say, 'Wipe out the small stockholders; their interest is valueless.' But their memories are short. Do you remember the march of the insurance companies to the Commissioners of the forty-eight states to save them? Did you, in 1933, try to get cash surrender value of your life insurance policy? The Commissioners gave the insurance companies moratoria. Now these companies refuse a moratorium to others and say: 'We will confiscate the stock of the stockholders of the railroads and give the property to the insurance companies.' "

Insurance Companies and Savings Banks Inconsistent

The insurance companies and the savings banks were not very vocal in insisting on payment of creditors' claims, i.e., policy-holders and depositors, when these claims were presented to them in difficult times. They demanded and received a moratorium, valid against savings bank depositors who needed cash and against insurance company policy-holders who tried to get the surrender values of their policies. Apparently, it depends on whose ox is gored.

Another evil was exposed by Representative Reed in the debates: "The stockholders and junior creditors, whose interests have been found by the Commission to be of no value and, hence, wiped out, are not entitled to vote on the plan. . . . Hence, as a practical matter, the Commission exercises final authority over the capitalization of these railroads."

The lack of judicial review was pointed out by Representative Hobbs in the debate as follows: "The Interstate Commerce Commission told us that what we feared (in 1935) could not possibly happen; that no court would hold that the amendment abolished judicial review. . . . Yet, what they assured us could not happen has happened. **The courts held that the I.C.C., the creature of Congress, was superior to its creator, and even to the Supreme Court of the United States.**"

So the little people were hurt. And they wailed. And Congress heard their wailing. Representative Sabath stated on the floor: "I have in my possession hundreds upon hundreds of letters from men and women, many of them widows, pensioners and retired employees, who had counted upon their investments to sustain them in their old age." Representative Geelan of Connecticut stated: "Thousands of small investors of small income, who have been dependent for years upon the return of stock in railroads, live in my district, and they are not necessarily represented. I think the bill is fair and cannot see any argument against its adoption." **The investors need protection.**

Again, Representative Hancock of New York said: "**If this bill is not passed, the ownership and management of the railroads of the country will fall into the hands of a comparatively small group of (savings) banks and insurance companies.** The passage of the bill can cause them no loss, but it may prevent their unjust enrichment at the expense of many little men." The supporters of the Wheeler-Reed Bill marshalled their facts and presented logical reasons.

III

Opposition Arguments Analyzed

But the opponents of the railroad reorganization bill presented only unrealistic arguments and futile fantasies. The weakness of the opposition was thereby revealed.

The "Washington Post" is among the nation's leading newspapers. Its editorials were voted by the Washington newspaper correspondents easily the first in Washington, and they hold high rank among the best in the United States. I read them daily. Yet, two days before the President's veto, some junior editorial writer presented the case for the opposition and urged a veto. He talked about "reduced postwar traffic," but the I.C.C. estimated that for the three years, 1947, 1948 and 1949, traffic would exceed the highest peacetime levels in history, including 1929. He spoke of the "recent sharp shrinkage of railway net income." But railroad wages had been increased retroactively to January 1st by over 700 million dollars per annum, and the offsetting rise in freight rates probably will not go into effect until November, or eleven months later. Is not this "shrinkage of net income" artificially created by government bungling? He speaks of "dimming hopes for a permanently improved earnings position." But have not interest rates been reduced by 50% since these roads became insolvent? Has not the reproduction cost, or the replacement value, of these roads increased by 50%? Has not the theory of "permanent depression," held in some quarters in the 1930's become a ludicrous political delusion? Did not the 1930's constitute a decade of the greatest depression in the history of the United States? The I.C.C. has forecast new high peacetime records of traffic and of gross income.

This editorial writer says further: "Reorganization under the Wheeler Bill would not guarantee restoration of value to stocks previously declared to be valueless." But the sponsors ask for no guarantee. They merely ask, in the words of Representative Sum-

mers, Chairman of the Judiciary Committee, that **"reorganization be suspended while a reexamination is made."** Or, in the words of Representative Hancock in the House debates: "The bill merely provides, in cases where reorganization plans have not been consummated, that the court will return the properties to the owners **for a period of eighteen months within which they may work out compostions with their creditors."** In other words, the situation has changed and the bill asks not for a "guarantee," but for another "look."

The "Washington Post's" editorial writer says further: **"Holders of stocks that have been declared worthless could obtain control of a vast network of railway properties."** Who declared these stocks worthless? The I.C.C. did so, on the basis of a fallible I.C.C. forecast of earnings. Yet the I.C.C. has a notorious record for poor guessing, not merely of railway earnings but of the necessary freight rates to produce a fair return. Fairman B. Dick, in his statement on the Hobbs Bill before the House Judiciary Committee in 1943, recited this unhappy tale of bad guessing. Indeed, the holders of stock that has erroneously been declared worthless would retain control, not "obtain control," of railway properties of which an erroneous guess would have deprived them.

This editorial writer says further: "If the prior rights of creditors continue to be put ahead of stockholders' claims, these worthless stocks will continue to be devoid of intrinsic value. . . . Modifying the provisions of bond issues could weaken the position of bondholders, tend to impair railway credit and make it more difficult to market new railway obligations." In stressing the theory of prior rights of creditors, the editorial wirter confuses a bankrupt property in liquidation with one which must continue to operate. In liquidation, absolute priority holds. But with bankrupt properties that must continue to operate, the procedure, laid down at the beginning of this century by the great Justices, Lamar and Brewer, was not absolute priority but rather composition of creditors and compromise of claims. Indeed, the insurance companies themselves agreed with the I.C.C. that in future reorganizations under the original S.1253, drafted by Commissioner Mahaffie, bondholders must waive most of their rights to avoid the expense and risks of bankruptcy. **If this principle is good for future bankruptcies, why not for present bankruptcies?**

Besides, past, present and future reorganization procedures also require "modifying provisions of bond issues" and not absolute priority, under the Chanler and McLaughlin Acts and the Kefauver Bill, which would extend them.

Representative Hancok strongly urged this view during the debate. "During the depression, New York State passed a law declaring a moratorium on mortgage foreclosures for nonpayment of principal. This law saved thousands of homes and caused trivial losses to mortgagees. Congress took cognizance of a similar situation in the Dust Bowl states, where thousands of thrifty hard-working farmers were losing their properties because of the succession of poor crops. The Fraser-Lemke law gave these unfortunate men a chance to save their farms. If the New York Moratorium Act and the Fraser-Lemke Act are sound, then the Reed Bill is sound. **If final orders are now issued to put into effect the railroad reorganization plans made seven years ago, it would be like depriving a Dakota farmer of his property after the rains have come and the crops are abundant."**

Some of the arguments of the opposition' Congressmen are merely political oratory. In the House debate, Representative Walter opposed the Wheeler-Reed Bill and quoted a letter of Adolph A. Berle, Jr. in the "Washington Post" of May 8th: "The (railroad reorganization) bill now pending in Congress comes close to setting a high water mark in vicious finance since the days when the Goulds and the Fisks plundered the Erie." Jerome Frank in his book, "The Law and the Modern Mind" made a semantic analysis of legal language, and would call Berle's terms "howl words," "growl words," etc. The arguments of Mr. Berle were utterly demolished by a flood of facts and statistics in Senator Wheeler's reply in the "Washington Post". Besides, Mr. Berle was in the United States before the hearings ended on the Wheeler Bill and before the hearings began on the Reed Bill. He had ample opportunity to present the case for the opposition before Senate and House committees who could cross-examine him on his opinions. These were unsupported by a shred of statistics or fact.

The opposition to the railroad reorganization bill on the floor was led by Representatives Talbot of Connecticut and Walter of Pennsylvania. These gentlemen view with alarm, that the largest brokerage house in the United States, Merrill Lynch, Pierce, Fenner & Beane, own about 27,300 New Haven shares. This firm does about 20% of the published total volume of transactions. This firm has over one hundred thousand customers and carries for them over 8,000 different securities in its own name. Bankrupt rail stocks, as well as solvent industrial stocks, are owned, not by the firm, but are held for the accounts of several thousand customers. Some of the stock in this firm's name, like any other "street name," is also held by other brokers for their own customers, who bought this stock. Registration in a name is not ownership, necessarily. Did either Mr. Talbot or Mr. Walter inquire how **many people were the real owners of the stock registered in the name of this or other brokerage houses?** Did these gentlemen ever inquire for comparison how many substantially more shares of solvent railroads these firms had registered, in their names for the accounts of their customers? No. They flaunted emotional appeals to frighten the public.

Then, Mr. Walter made the unsupported statement that Kuhn Loeb & Company bought, either for themselves or for somebody else, every share of stock of the New York, New Haven and Hartford Railroad that has been sold this year. Under questioning, he changed the reported source of his information and, finally, his argument was discredited when that firm telegraphed that they had not bought a single share of this stock, not only during 1946 but, also, during any of the past three years.

Again, these Representatives point out that even though the New Haven has $63,000,000 of cash in the till, it owes $102,000,000. But if that is a test of insolvency, then even the blue ribbon railroads, like Union Pacific and Chesapeake & Ohio, would be insolvent frequently, for they never have enough cash on hand to pay off a large obligation. They refund one bond issue by another. This $102,000,000 could be refunded. Such lack of knowledge of elementary finance indicates the weakness of the opposition.

The railroad reorganization bill was originally opposed by many who have subsequently been won over, including such outstanding Congressional leaders as Representative Sabath, Chairman of the Rules Committee, and Senator Wheeler, Chairman of the Interstate Commerce Committee. Surely, if the present opponents would take time to study the bill, they would come to support its aim vigorously, as President Truman did. It is in the national interest and the interest of many thousands of their constituents.

The chief opponents of this bill are the insurance companies. **But even the insurance companies should support legislation on railroad reorganization such as President Truman indicated.** The insurance companies should avoid holding stock. $30 paid as interest is deductible from the debtor railroad's taxable income. But $30 paid in dividends is not. For every $30 in dividends, the railroad must pay about $20 in corporate income tax. This sum, paid to the Treasury before the company declares a dividend, would be saved in part and would constitute an additional margin of safety for the interest on the bond, benefiting the bondholding insurance companies. Besides, a bond paying out $30 sells at a relatively higher market value than the equivalent amount of stocks receiving $30 in dividends. This is elementary finance, but it seems some of the financial officers of the insurance companies are ignorant of it. Besides, insurance companies may not hold stock indefinitely and might be compelled to sell at a loss. Bonds may be held indefinitely and may be sold when time is favorable.

IV

Courts Urge Legislation and ICC Is Sympathetic

Relief is needed. In the debates on the floor, this was stressed by many Representatives. Congressman Sabath said many thousands of stockholders had appealed to him. Representative Gorski of Illinois, member of the House Judiciary Committee's Sub-Committee handling the bill, cited several official sources on the need for legislation: "The Supreme Court said 'although the results of reorganization . . . have been criticized as unfortunate . . ., **no different legislation has been enacted.'** Judge Phillips of the Circuit Court of Appeals stated: 'Only through corrective legislation or a more liberal attitude of the Commission **can junior security holders obtain relief.'** Even the Commission said: 'We are deeply sympathetic to the attempt to find a method by which the present stockholders might be lawfully afforded a continuing interest in this property **. . . but the law as it stands is inexorably against such a course.'** Judge Evans of the Circuit Court of Appeals said: 'It was always shocking to think that there should be such an absolute denial of any right of any stockholder. . . . That does not set very well on your conscience. **If you did wrong, it is about time you correct it.'** " And so Representative Gorski pleads for corrective legislation.

Legislation Arose from Study

The history of the bill dates back three years when Representative Hobbs introduced the first measure. This required judicial review and sought to prevent the wiping out of stockholders and junior bondholders on the basis of an I.C.C. forecast of future earnings. The Hobbs Bill was unanimously approved by the Judiciary Committee after lengthy hearings.

Representative Sabath, Chairman of the Rules Committee, refused to grant a rule permitting the bill to reach the floor of the House and refused even to allow the bill to be discussed in the Rules Committee. I called to see him and he asked some searching questions. The following answers to these questions impressed him. The I.C.C., in ex-parte 123, stated: "Obviously, the railroad difficulty is not due to over-capitalization." Defaulted bonds rose sensationally, but defaulted stocks junior to these bonds sold practically at zero. The common stocks now wiped out were approved for issue by the I.C.C. to the extent of 100% for the no par stocks and 38% for the $100 par stocks. About 2.7 billion dollars for thirty-six Class I railroads were involved. Labor will not benefit if the stockholder is expropriated. No investment trust owned any stock of railroads, bankrupt or in reorganization. Upon these answers to his questions, Chairman Sabath allowed the discussion of the Hobbs Bill in the Rules Committee.

The Hobbs Bill passed the House unanimously, minus one vote. It then went to the Senate. But it was buried in a sub-committee of the Senate Committees on the Judiciary and Interstate Commerce. Senator Wheeler was Chairman of the Sub-committee. In attempting to get action, I presented some statistics to Senator Wheeler. He is open-minded and at once realized the full significance of these figures.

In the meantime, the original S.1253, the Wheeler Bill, drafted by Commissioner Mahaffie, was introduced to take care of **future** cases of financial embarrassment, through the intervention of the I.C.C. and without the intervention of the courts. Thereby would be eliminated the risks, the expense and the delays inevitable in bankruptcy. I appeared at the Senate hearings on the original S.1253 and pleaded that this bill, good for future bankruptcies, should also apply to railroads now in bankruptcy. I urged that the best features of the Hobbs Bill be incorporated in the Wheeler Bill. After these hearings and a report by the Senate Committee on Interstate Commerce, the original Wheeler Bill was rewritten to include roads now in bankruptcy.

Then followed a long delay. The bill did not come to the Senate floor for debate. Thereafter, Representative Reed introduced an alternative measure in the House. Like the Hobbs Bill, it was approved unanimously in committee after hearings, and passed the House by a very large majority. Meanwhile, the Senate continued to delay consideration

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Securities Salesman's Corner

By JOHN DUTTON

Have you become a ticker tape watcher? Are you in your firm's, or some one else's board room every morning at the opening and several times during the day? Have market averages begun to mean "down" markets one day and "up" markets the next? Do periods of trading dullness, volume indications, and drops of twelve points in Telephone in one day, alternately supply you with injections of pessimism or optimism, depending upon which way the market winds of the moment are heading? If so, you are on the way to becoming something with which Wall Street is too well acquainted now—the "market robot."

When the market goes down a few points this fellow is blue—the world is going to the dogs—his pessimism is contagious and if he's a salesman, both his customers and *everyone else in his office* knows it, and feels it. When things are turning up for a few days, and share prices are advancing the "market robot" goes right along. He follows the crowd—he makes a lot of noise—he churns around and *he gets nowhere*. Wall Street has many fellows like this. They and their customers follow the crowd AND THE CROWD IS NEARLY ALWAYS WRONG.

There is another side to this business of retailing securities and it is the right one. It is based upon the ability of a salesman to do some original thinking—not crowd following. In no other business are the rewards that follow such a course, more positive or generous. The other day, when the market on the big board had quite a sinking spell, a nervous customer called his salesman on the telephone and excitedly inquired, "What shall I do now?" The salesman replied with a question of his own, knowing only too well what the customer meant. He said, "what do you mean—what shall we do now?" The customer said, "Didn't you see, Telephone is down twelve points." The salesman said, "what of it, *you don't own any Telephone*." "The securities you own you bought to hold for several years, others possibly about six months; they are all sound investments as far as I can see, and if there is any reason for you to do any selling I think I have always brought it to your attention and will continue to do so in the future." He then brought out the fact that this investor didn't make these investments for a few points profit, which may or may not transpire from day to day, and completely reassured his customer.

Remember, no one can tell what the market can, or will do from day to day. Your customers are investors, interested primarily in preserving principal and securing income, over the longer term. Don't make traders out of them, either by proxy, or through allowing them to follow that sure course which leads to every lost fortune, *which is following the crowd*. Have a strong mind of your own and do some constructive thinking. Lead your customers, don't let them lead you—and by all means don't allow some friend of yours who is a trader to influence your thinking so that your own activity follows the prevailing trend from day to day. There are salesmen who walk into their office in the morning and if they find out that the market is dull and off fractionally on the averages, they put themselves out of action for the day. If someone else says business is quiet—as far as they are concerned it is a waste of time to try and do some worthwhile, constructive work. Everyone becomes contaminated, including their customers. We don't believe in false optimism, but no salesman who sells securities, AND WE DON'T MEAN SITS AROUND AND WAITS FOR ORDERS TO COME IN TO HIM, needs be a pessimist today. There are too many people who need constructive assistance for such an attitude to prevail. Remember, a salesman sells more than securities—he sells preservation of existing assets, and this helps people to LIVE BETTER. You can't do that if you are becoming a "market robot." They lose their own capital and that which belongs to others as well.

President Truman and Railroad Reorganization

(Continued from page 1153)

of the Wheeler Bill. As the session approached the close, the Senate passed the Wheeler Bill. It went to the House, where the Reed Bill's provisions were incorporated. The two bills went to conference and there emerged the Wheeler-Reed Bill. This was the result of three years of study and discussion, in the hearings before committees, in their executive sessions and of debate on the floor.

Representative Sam Hobbs deserves the thanks of multitudes of stockholders for originating the legislation, following it persistently over parliamentary hurdles and putting the legislation on a non-partisan basis by getting the cooperation of Representative Reed. As Chairman Sabath stated on the floor: "I want to congratulate these gentlemen (Messrs. Hobbs and Reed) on the tireless energy and the endless time and study they have given the problem."

The bill vetoed by the President was a growth and synthesis of the best elements in the original Hobbs Bill, the Kefauver Bill (for voluntary reorganization in the future, which the insurance companies favored), the Reed Bill and the Wheeler Bill. If the Senate had acted promptly on S.1253, then the President's suggestions could have been incorporated in the Wheeler-Reed Bill and passed promptly in the recent session.

V
Pending Stronger Legislation Reorganization Plans Should Be Halted

The President recommends a new and stronger bill. "The (Wheeler-Reed) Bill fails to provide full protection against forfeiture of securities and investments. . . . I am in agreement with those objectives of the bill which . . . prevent forfeitures of securities. . . . These stockholders, whom the bill justly seeks to protect against forfeiture, can and should get such protection. . . ." Obviously, the President heartily favors the prime purpose of the Wheeler-Reed Bill. If the President's suggestions become law, new and fundamental principles will have been written into Federal policy on railroad reorganization.

New legislation will, undoubtedly, be introduced in the next session of Congress. Such legis-session of Congress. **Such legislation has the support not only of the Committees in the House and Senate, who were unanimous, not only of the entire Congress which voted for it by an overwhelming majority, but, also, of the President.** A joint committee consisting of Senators Clyde M. Reed (R.) and James M. Tunnell (D.), and Representatives Sam Hobbs (D.) and Chauncey W. Reed (R.), issued this statement the day after the veto:

"It is clear that the broad principles announced by the President are shared by the proponents and supporters of this legislation. **Broadening of the bill to meet the requirements of the President's objections can and will be drafted.** Such a bill will be promptly introduced at the next session of the Congress. As Congress has already overwhelmingly committed itself to such legislation and the President has declared that he, too, favors its purposes, the prompt enactment of such a measure appears certain. . . . **It is confidently hoped that the courts and the Commission will take no steps in support or furtherance of pending reorganization plans** under Section 77, but will instead await action by the Congress and the President on legislation giving effect to the principles favored by both."

VI
Protecting Stockholders Now Will Check Future Bankruptcies

The practical effects of this joint statement should be favorable. Benefits should accrue to stockholders not only in the larger roads but also, in roads whose gross income is less than $50,000,000. President Truman's recommendation that interest rates be reduced will mean much for the stockholders. For our railroads have been running under a two-price system—low rates for solvent roads and high rates for bankrupt roads. The roads now in the courts are accumulating interest from 6% down. The Chicago North Western, in bankruptcy, was paying 6½%. But solvent roads, like Union Pacific, can borrow money at less than 2½%. The bankrupt roads are immobilized by the courts and thereby antiquated interest rates increase their burdens.

Not only will the insolvent roads benefit by legislation, but as Representative Hancock stated on the floor: "Investors will be far more willing to buy railroad stocks if they know what their equities will have some measure of protection." **Protecting the stockholder will facilitate stock financing and reduce bond financing and future bankruptcies.** Passing of an improved railroad reorganization bill, suggested by the President, will help maintain the railroads as an effective servant of our economy in peace and war.

Administration's Anti-Inflation Program

(Continued from first page)

of Price Administration were therefore necessary to strike at a problem which did not arise because of the usual transactions of the market place. Reliance was placed heavily upon the direct controls. Those controls, administration sources contend, cannot be replaced adequately by general fiscal policies at this time.

On the other hand, officials reason that it has been recognized from the beginning that inflation control by way of ceiling prices had to be assisted by the use of other anti-inflationary instruments. The possibility of using other inflationary controls consequently has been surveyed from time to time. A lot of thought has gone into the questions of whether the Administration could improve the different techniques in use and whether there were some other techniques that have been overlooked. The curtailing of the powers of the OPA has increased the need for alternative instruments, but it has not increased their availability. If any array of hitherto, but unused anti-inflationary instruments were now found to be ready at hand, it would be considered more of a sad commentary on the past work than a happy commentary on the Administration's present ingenuity.

The fundamental cause of the present inflationary pressures, the Administration believes, has been the producing of billions of dollars of war goods that did not go on to the civilian market while the wages and salaries of those who made the goods could go to market in search of something to buy. Another way of looking at this situation is that the substantial wartime deficit of the Federal Government pretty well measures the inflationary pressure, our correspondent learns in Washington. This deficit was necessary to win the war, he reports. The objective of winning the war naturally transcended all other purposes. If we had not won the war, the dollar would have gone the way of the pengo; and we would have regarded even that as one of our minor misfortunes.

Cutting Government Expenses

Now, however, the most important contribution to combating inflation which the government can make, outside of the field of direct price control, is to cut its expenditures as sharply as is compatible with rendering the necessary governmental services and maintaining our national security which our people want and rightfully expect, we learn. The present responsibility of the government, it is held, is to achieve a balanced budget or better—for 1947. Now, because of the reduction in the powers of the OPA, this responsibility is even greater.

Early in August, the President released revised budget estimates for fiscal 1947 estimating a budget deficit of $1.9 billions. Considering that there are certain noncash expenditures, included in the Budget, like terminal leave bonds and accrued, but not paid, interest on savings bonds, the government in current transactions will take in more money this year than it will spend, he says. There will be what we may call a cash operating surplus of almost $3 billions which will be a contribution to the battle against inflation, in the official view.

While none of us like the prospective budget deficit of $1.9 billions it is held to be a great improvement over the estimates made last January. At that time the deficit was estimated at $4.5 billions. Many hoped that the improvement would be even greater, but this itself is a tremendous change, it is held from the deficits of $21 billions in the fiscal year which just closed and $54 billions in fiscal 1945. There should be further improvement, because the war, as far as the gunfire is concerned, is over and in fact the Administration believes it has actually done better than most people expected.

It is easy to sit back and say that government expenditures ought to be cut sharply to balance the budget. It is much harder, however, to put your finger on where the cuts ought to be made. Many people just say reduce government spending by such and such percent across the board, but a meat ax job like that would cause more troubles than it would solve, the official view holds. Often it is suggested in behalf of government economy that the Federal payroll should be cut. It is claimed that there are many inefficient government workers. This Washington accepts as true, undoubtedly, in some instances. The significant point, however, it reasons, is that total Federal expenditures for the operation of the Legislative and Judicial branches and for most of the non-war Executive agencies are estimated at less than $2 billions for the fiscal year 1947 or about 5% of all Federal expenditures. The Administration wants, of course, to keep these expenses as low as possible, but obviously any cuts large enough to have an important impact upon inflation-

ary pressures must come in other areas, it is indicated.

Cutting Down Public Works

Public Works is the traditional area in which to cut public expenditures during times of inflationary pressures, the Administration feels. Thus Federal expenditures for non-military Public Works are estimated at only a little over $1 billion for the present fiscal year. This includes the Housing Program which will, on the whole, decrease rather than increase, inflationary pressures. This area, however, the Administration's financial helmsmen believe, should be constantly under review.

Another large area of government expenditures, they point out, is that comprised of interest on the Public Debt, refunds of taxes, and veterans' benefits. Expenditures for these purposes are estimated at $13 billions this year. This is made up of $5 billions of interest on the Public Debt, $6.2 billions of veterans' benefits, and $1.9 billions of tax refunds. There is little prospect of any substantial reduction in these expenditures. In fact, it is stated, the estimate for veterans has been raised by $1.75 billions over the estimate made last January. This increase is partly due to new legislation but more than half of it is an upward revision in the estimate of required outlays.

International Financial Costs

Expenditures for international finance are estimated at $4.2 billions. These estimates do not give consideration at this time, to future repayments and recoveries. This figure is about half again as much as was shown in the January budget for this category, we are told, and the change represents almost entirely a postponement of expenditures from fiscal 1946. International finance represents about 10% of total expenditures, and while this is a lot of money, official sources are agreed that these are wise outlays in the interest of our international responsibilities.

The only area in which there is room for a cut in expenditures large enough to have an important impact upon inflationary pressures is that of expenditures for National Defense, the "Chronicle" is told, but only room for a cut, not whether there should be a cut.

National Defense Expenditures

The new estimate for National Defense for this fiscal year is $18.5 billions in a total budget of $41.5 billions. The January budget estimate was $15 billions. Two principal reasons for the increase are cited. There is nearly $2.5 billions for the payment of terminal leave to enlisted men. There is more than one-half billion dollars for the increase in pay of the armed forces provided for in legislation recently enacted.

The determination of the amount or the necessity of particular expenditures does not lie within the province of the Treasury Department, it is pointed out. And that Department cannot say whether National Defense expenditures could be reduced without impairing our national security. We want a strong America and we certainly do not want to repeat the mistake we made after the last war, our informant says, but we should emphasize, however, that the size alone of this group of expenditures singles it out for special attention in looking for areas in which to reduce expenditures enough to have any significant effect upon inflation.

While the government will be keeping a sharp eye to cutting its expenditures, as the President has indicated recently by his actions it must be recognized, we are told, that the government is setting an example for everyone of our citizens. Let our people review their individual expenditures and refrain from buying scarce items except when absolutely necessary, and that will be a worthwhile effort and it will produce worthwhile results, officials believe.

Government Receipts

On the other side of the ledger, government receipts continue to run high. The net receipts in the past fiscal year amounted to over $43 billions and estimate for the present fiscal year is nearly $40 billions. This is exclusive of about $1.25 billions of social security taxes. The question, officials ask is, "Can receipts be increased?"

Additional taxes, they stress, can combat inflationary pressures by drawing purchasing power off of the market. All taxes do this to a certain extent. But taxes which fall primarily on consumers do it more effectively, dollar for dollar, than those which fall primarily upon business.

Unfortunately, this view continues, those taxes which are most effective in combating inflationary pressures are not necessarily those which are best from the standpoint of a permanent and well-rounded tax system. It must be remembered, moreover, that taxes levied to combat inflation are apt to remain in the tax system long after the inflationary pressures have gone. Caution is required, therefore, in recommending any tax solely on the ground of its utility as an anti-inflationary measure. Furthermore, any tax to be useful in combating present inflationary pressures must be of such a character that it can be quickly enacted and quickly placed in operation, the Administration believes.

Increase in Taxes

It does not seem that the Treasury will recommend an increase in taxes at the present time. In the government's opinion, Congress and the American people believe that the inflationary pressures are not great enough nor long-lasting enough to justify an increase in taxes at this time. It may be necessary to reconsider this decision, it is conceded, if at a future date inflationary pressures should prove stronger or longer lasting than is now hoped will be the case. For the present, however, the view is that we should content ourselves with holding the tax line.

It should be borne in mind that in this field, it is the role of the Treasury to make recommendations, but what the law is, depends upon the Congress and the Ways and Means Committee. The Finance Committee, and the Joint Committee on Taxation will give these problems thorough consideration, it is authoritatively pointed out.

Public Debt Management

Public Debt Management, too, can have an important effect upon inflation, government borrowing can help to control inflation to the extent that persons can be persuaded to lend funds to the government which they would otherwise spend. This is what the Administration is trying to accomplish by means of the savings bond sales organization.

It seems that the Treasury does not hold it would be helpful, under present conditions, to launch an all-out bond selling campaign like the War Loans and the Victory Loan, but the day-to-day efforts of the savings bond sales organization to maintain and extend the payroll savings plan and to sell the American people on the idea of investing in savings bonds for their own good is channelling into government borrowing a considerable volume of funds which would otherwise be tory Loan, but the day-to-spent. It also helps, in the government's opinion, to keep the ownership of the public debt spread upon a broad base.

It is sometimes suggested that sales of savings bonds should be supplemented by the occasional or continuous offering of long-term securities. It is also suggested that these securities be purchasable in unlimited amounts or in amounts much larger than is the case with savings bonds. Such offerings would, of course, be principally for the investment of savings institutions, eleemosynary organizations, large trust funds, and the like.

New Borrowing Not Necessary

The cash balance in the Treasury at the present time, it is believed, however, precludes the necessity for any new borrowing, except through the issuance of savings bonds and savings notes. Yet at the proper time an issuance of long-term securities for the investment of institutions and other funds may be taken up, it is pointed out to the "Chronicle." This is principally a fiscal and not an anti-inflationary device. It is not expected to obtain by the issuance of such securities any considerable volume of funds which would otherwise have been spent.

Interest Rates

Continuing: The question of interest rates is a constant subject for discussion whenever public debt problems are being considered. It is sometimes urged that higher interest rates would aid in the control of inflationary forces. This is what the economists mean when they refer to a tight money policy.

The Administration does not believe that higher interest rates would be a useful anti-inflationary instrument at the present time as higher interest rates unless very much higher would not result in much more savings. Saving, it feels, is motivated by other causes far closer to the springs of human action.

Higher interest rates, the government believes, might result in the long-run, in some reduction in the money supply — although this reduction would take place, for the most part, in idle balances which would not have been spent in any event. In the short-run, however, the official view is that higher interest rates might very well increase, rather than decrease, the volume of currency and deposits, because the typical investor's reaction to the higher rates might be "wait and see," rather than "run and invest."

It is admitted to be true, that in the long-run, higher interest rates would result in a decrease in demand for new construction and other capital expenditures. This would be deflationary. In the long-run, however, deflationary measures may not be what is desired. At the present time, the Administration feels, the level of interest rates has very little effect on the demand for funds for construction and capital goods.

In fact it makes it clear that it feels that we are more likely to stimulate inflation than to repress it if we push a tight money policy and interfere with the stability of the government bond market. This stability made it possible to finance the war far more easily than was the case with World War I, we further learn, and the stability of the bond market since the end of the war has eased the financial problems of reconversion, both for the government and for business firms.

The stability of the bond market, it is argued in Washington, results in a degree of business confidence which is of tremendous value in achieving and maintaining full production. It is also viewed as contributing to the confidence of the public in the credit of the United States and in the enduring stability of the currency.

On the whole, the Treasury sees no rich vein of anti-inflation material on the fiscal front, while depending upon OPA. Inflation cannot be beaten by gadgets, it believes. It can be licked only by a hard grapple with economic realities and when all is said and done, the best instruments for combating inflation on the fiscal front are reduced government expenditures and the continued present level of taxes, the Administration concludes.

Otter Tail Power Stocks Offered by Glore Forgan

The Otter Tail Power Co. on Aug. 27 offered through an underwriting group headed by Glore, Forgan & Co. and Kalman & Co., Inc., 17,286 shares of $3.60 cumulative preferred stock and 28,815 shares of common stock. The preferred stock being offered represents shares not taken by present preferred stockholders pursuant to an exchange offer which expired on Aug. 26, plus 10,000 additional shares being issued for new money. The common stock is the balance remaining following expiration of the company's recent subscription offer to common stockholders.

Other members of the underwriting group participating in today's offering are: A. C. Allyn and Co., Inc.; William Blair & Co.; Central Republic Co., Inc.; The Milwaukee Co.; Farwell, Chapman & Co.; First of Michigan Corp.; Harris, Hall & Co., (Inc.); Stern Brothers & Co.; Harold E. Wood & Co., Allison-Williams Co.; Barret, Fitch & Co., Inc.; Julien Collins & Co; Kirkpatrick-Pettis Co.; C. S. Ashmun Co., and First Trust Co. of Lincoln, Neb.

FIC Banks Place Debs.

A successful offering of an issue of debentures for the Federal Intermediate Credit Banks was made Aug. 20 by Charles R. Dunn, New York, fiscal agent for the banks. The financing consisted of $32,920,000 1% consolidated debentures dated Sept. 3, 1946, and due June 2, 1947. The issue was placed at par. The proceeds together with $10,890,000 cash funds, were used to retire $43,810,000 debentures maturing Sept. 2, 1946. As of Sept. 3, 1946, the total amount of debentures outstanding will be $311,450,000.

Canadian Securities

By WILLIAM McKAY

Several simultaneous developments in widely scattered sections of Canada during the last week to 10 days revealed to what extent Canadians are inclined to believe that their Far North territories hold great possibilities for both general expansion and the all-around development of trade.

In Montreal, plans were pushed for a tour by special train September 8 to 13 of the mining and agricultural district of northwestern Quebec by 150 prominent businessmen of the city.

The project which is being sponsored by the Mines and Natural Resources Section of the Montreal Board of Trade and by La Chambre de Commerce will include visits to the mines at Val d'Or, Malartic, Cadillac, Noranda and Amos and is expected to impress upon the Montreal businessmen the importance to the economy of the entire Dominion as well as of the Province of Quebec and Montreal itself of the further development of the entire northern region. The fact of immediate significance to the Montreal businessmen is that 80% of the supplies needed by the 70,000 inhabitants of this district are being furnished by sources outside the province.

Returning from a two-weeks' speaking tour which took him into over forty communities along a 4,000-mile route from Kenova to Sudbury in Ontario, Premier Drew saw "unlimited agricultural possibilities" for the northwestern section of that province. All of Ontario can look forward to the development of large farms with the same productivity as many in the southern district, he said. Reporting that "the spirit of enthusiasm and optimism in the developing communities throughout the northwestern area was the most encouraging thing I had seen," Premier Drew predicted that "within a comparatively short time the Province would be supporting many times its present population."

The Guaranty Trust Company of Canada also announced the early opening of a modern and fully-equipped branch office at Sudbury in northern Ontario.

In the House of Commons, Transport Minister Chevrier said he didn't think it was the government's intention to discontinue or even to reduce seriously the Hudson Bay Railway service especially on the first two subdivisions, from The Pas to Gillam, a distance of 326 miles, even though the line was operating at a loss.

Development of the Alaska Highway, turned over to Canada by the United States in April, was also urged in the House of Commons as an aid to "business and the tourist traffic." The suggestion was made that not only should the uncompleted stretch of roadway between Edmonton and Dawson Creek be constructed but also that feeder roads should link the highway with Winnipeg, Saskatoon and some points in British Columbia.

Tension Mounts in the Labor Situation

The strike fever was slow to hit Canadian workers but when it did hit them it hit them hard. Though the labor situation had its bright spots in Canada this last week, tension mounted in many areas, particularly in sections affected by the steel strike. More than 43,000 workers are reported out on strike in 27 of Canada's major industries. The stumbling block to settlement of these disputes is labor's general unwillingness to accept a ten-cents-an-hour pay increase. The steel workers, for instance, are holding out for 15½ cents. Meanwhile, the threat of a strike is casting its shadow over the coal industry. Even the 20,000 farmers of Alberta are talking about a delivery strike to back demands for parity prices for their products.

A two-month-old strike at the Barringham Rubber Co. Ltd. at Oakville, Ont., was reported settled on the basis of an eight-cents-an-hour pay increase with the promise from the company that it would meet the full demands of the industry when the general wage pattern comes into effect. The union has also gone back to work on the basis of a 44-hour week. The strike at the Point St. Charles plant of the Canadian Car and Foundry Co. Ltd. at Montreal was also settled on the basis of an eight-cents-an-hour pay increase for those earning 80 cents or more and a ten-cents-an-hour pay increase for those earning 80 cents or less and a 45-hour week. Increases of eight to ten cents an hour were also granted to workmen on the Canadian National and Ontario Northland Railways (except members of the Brotherhood of Railway Trainmen for whom negotiations are being conducted separately) who, however, were granted a two-cent adjustment in their wages in April. In Vancouver, union officials announced that the Regional War Labor Board had agreed to wage increases of from 30 to 18 cents an hour to 4,100 city workers.

Violence broke out two weeks ago in the strike at the Montreal Cottons Ltd. mill at Valleyfield. Windows were smashed and police used tear gas to break up several demonstrations outside the plant. Kent Rowley, Canadian director of the United Textile Workers of America (AFL) and Azelus Beaucage, Valleyfield organizer of the union, were arrested by order of Quebec Premier Maurice Duplessis who said the charges against these men came under the headings of sedition, illegal assembly, conspiracy, damage to property, obstructing Provincial police in the performance of their duties, and rioting.

On Wednesday of last week, 1,000 steel strikers at Hamilton clashed with the city police who were guarding a truck attempting to come out of the Stelco plant there. Two days later, over the objections of Mayor Sam Lawrence, the Hamilton Police Commission voted to appeal to Attorney-General Blackwell for aid in maintaining law and order in the strike. Last Sunday, C. H. Millard, national director of the steel workers, told a meeting of pickets at Hamilton that the union would resist all attempts to move material in or out of the Stelco plant "regardless of the police."

Trends in the Stock Markets

Stocks listed on the Montreal Stock Exchange and Curb Market fell $207,056,034 in value in July. At the end of the month the total value was $9,392,388,964 as compared with $9,599,445,607 for the previous month and $7,822,366,559 for July of last year. August dividends distributed by stocks listed on the Montreal Stock Exchange and Curb also are $226,471 less than for the same month last year. Dividend disbursements this month total $6,235,747 whereas in August last year they were $6,462,218.

Features in the Canadian stock markets this past week were Sherritt-Gordons and MacDonald Mines in the mining group, both of which succeeded in maintaining increases in value even after declines following the initial rise. Acting in response to the trend in the New York market, prices in the Canadian markets dropped Tuesday but not as much as in New York. The market for Canadian externals was listless during the week. Quotations on Canadian internals were a little better, reflecting the continued strength in the Canadian dollar in New York.

Bank of Montreal on Canadian Crops

In its summary of Canadian crop conditions, the Bank of Montreal announced on August 22 in part:

"In the Prairie Provinces, moderate to heavy rains throughout most districts during the past week have interrupted harvesting operations, but have benefited crops not fully matured. Harvesting is now general, except in the far northern districts where cutting has barely commenced. Satisfactory yields and grades are indicated throughout Manitoba, north-central and eastern Saskatchewan and most of Alberta, but elsewhere outturns will for the most part vary from only fair to poor. Damage from sawfly in the southern sections of Saskatchewan is becoming more widespread. Scattered wind and hail storms have been experienced throughout the prairies and considerable damage is reported in some localities. In the Province of Quebec, the harvesting of an average crop of hay of good quality has been completed. While recent rains have brought some improvement, pasturage is in only fair to poor condition in most districts. Owing to lack of moisture, the yield of grains will be below average. Potatoes have suffered from drought, but other roots promise normal yields. Additional rain is urgently required in many districts. In Ontario, fairly general rains during the past week have benefited corn, beans, tomatoes and roots, the development of which was being retarded by the prolonged, dry weather. Average yields are now in prospect throughout most of the large tobacco acreage and harvesting is becoming general about a week later than normal. As threshing of fall wheat and spring grains advances, about average yields of good quality are reported generally, except in some eastern districts where premature ripening occurred. Pastures are improving. In the Maritime Provinces, the hay crop, which has been harvested, is below average. Pastures are in poor to fair condition. The yield of grains will be below normal in most districts, owing to insufficient moisture. Potatoes continue to suffer from drought and yields of early varieties are below average. An average crop of apples of good quality is indicated; some early varieties are being harvested in Nova Scotia. Rain is urgently needed in New Brunswick. In British Columbia, cooler weather in some parts has benefited the apple crop but has slowed tomato ripening to some extent."

Canadian Economic Outlook Reported

"Work stoppages are casting a lengthening shadow over the Canadian economic scene," the Bank of Montreal reported in its business summary, issued on Aug. 24. "To an increasing extent in recent weeks," the review states, "coordination between various factors of production has been interrupted by critical shortages, by unbalanced cost-price relationships and by labor disputes."

Prolonged strikes affecting the three major Canadian steel producers, as well as the textile, rubber, electrical equipment and other important industries are said to be reflected elsewhere in reduced production schedules, in some shutdowns and in serious delays in building activity. Canadian business had revealed a satisfactory level of actvity in most lines throughout the first half of the year, but sagging tendencies became apparent toward midsummer.

Blyth & Co. Offers Allis-Chalmers Debs.

Blyth & Co., and associates on Aug. 27 offered to the public a new issue of $15,000,000 of Allis-Chalmers Manufacturing Co. 2% debentures due 1956. The securities are being offered at 100.75% and accrued interest, to yield 1.92% to maturity.

Proceeds from the sale of the debentures, together with funds to be received from the sale of 359,373 shares of the company's 3¼% cumulative convertible preferred stock $100 par value, will be used to carry out an extensive program of expansion, part of which already has been accomplished at a cost of about $7,000,000. The preferred stock will first be offered to common stockholders for subscription at the rate of one share for each seven shares of common held. After the expiration of the subscription offer, which is being made at $100 per share, any unsubscribed shares will be offered to the public at a price to be determined by the underwriters.

Approximately $17,000,000 will be used in connection with the expansion of the company's tractor division plants at Springfield, Ill., and LaPorte, Ind., and about $10,000,000 will be allocated for expansion of the general machinery works at West Allis, Wis., and Norwood, Ohio. Negotiations are now under way for the purchase from the government of certain plants and equipment used by the company during the war and which are now held under lease. In connection with the expansion of its manufacturing facilities, the company also plans to increase its field distribution, warehousing and servicing facilities at a cost of approximately $5,000,000. The balance of the proceeds will be added to working capital.

The company, whose net sales for 1945 totaled $292,072,003, is engaged in the manufacture of a widely diversified line of agricultural, electrical and industrial machinery and equipment. Expansion plans include the addition of several new products which were developed in recent years but which have not yet been marketed because of the war and the restrictions on raw materials. For the tractor division, these include a one-man hay baler, a tractor side-delivery rake, bale loader, a forage harvester for making silage of either grass or corn, two new crawler-type tractors and one new motor grader.

Problems of Permanent Peace

(Continued from page 1139)

liabilities to liquidate. We are not interested in peace-at-any-price BECAUSE IT WOULD NOT BE PEACE. It would only be another treacherous truce. Appeasement only multiples the hazard from which it seeks escape. We want PEACE WITH JUSTICE in a world of FREE MEN because that is the ONLY DURABLE PEACE. Without it, we will not have won, we will have lost, the war.

I repeat, the job is easier "said" than "done." Manifestly we can not have things all our own way. We cannot demand a dictatorship for ourselves when we condemn it in others, even though we are conscious that there is not a thought of tyranny or conquest in our souls. Certainly it is desperately important, if possible, that we should maintain unity among the Great Powers. We must be ready, within reason and honor, to "give and take" in these settlements for the sake of unity Unity won the war. Unity can most swiftly guarantee the peace. But, as I said 18 months ago, I say again that we are not interested in the unity which Jonah enjoyed when he was swallowed by the whale.

Not A One-Way Street

Unity is not a one-way street. We must continue earnestly and patiently to hunt common ground for the priceless sake of unity: but we have the right and the duty to speak up and to stand up —and I mean stand up—for our ideals of peace and of human rights and liberties. We have the right and duty to formidably jog the memories of those who too frequently seem to forget that they pledged themselves to the Atlantic Charter and to the principles and purposes of the United Nations. We have the right and the solemn duty to defend these ideals with every pacific resource at our command. At least FOUR-FIFTHS OF THE WORLD BEGS US FOR THIS SPIRITUAL LEADERSHIP. OUR OWN DESTINY DEMANDS NO LESS.

We need not speak in riddles. Someone said recently at Paris that if the last session of the Council of Foreign Ministers had been confined to America, Britain and France, it would have achieved total agreement in ten days instead of partial and often dubious agreement in forty days. This is simply another way of saying that Eastern Communism and Western Democracy are the rival forces which confront each other in planning for a new and better world. More bluntly this means, in the final analysis, the Union of Soviet Socialist Republics and the United States of America. They differ in ideas, ideals and ideologies. For example, they certainly could not agree upon a definition of "democracy," although this is the objective to which both profess to subscribe. But they should not differ in their mutual desire for peace.

Distrust and Suspicion

The great trouble is mutual distrust and suspicion which the iron curtain between us, and the insatiable Soviet appetite for proselytizing and for hostile propaganda, do not help dispel. Yet these things must be dispelled — not in pretense but in reality — if we are to get on with the vital business of peace on earth according to the present patterns which we both presume to embrace. I am not talking about a wedding of these Eastern and Western philosophies of life, of economics and of government. That would be as impossible as mixing oil and water. I am talking about the larger philosophy of "LIVE AND LET LIVE." We owe Russia the same square deal which we ask of her in return. I am not yet willing to admit that the world is not big enough for this sort of a peace accommodation—if we can have a reasonable degree of good faith on both sides. Unhappily, however, that is a large reservation. Furthermore it is a two-way reservation.

On the one hand, we must dependly dispel any distrust or suspicion that the United States is attempting to organize the world against the Soviets — which, of course, we aren't, as demonstrated by our spectacular and unprecedented proposal to sign a 40-year contract to join Russia in her defense against any re-birth of Axis aggression. The Soviets have a right to this dependable assurance. On the other hand, there must be equally dependable proof that the Soviets are not attempting to organize the world against our Western Civilization — which, unfortunately, is more difficult of demonstration in view of Soviet expansionism and the activities of "fellow travelers" within our own violated gates.

But no matter how cynical we may become, Mr. Commander, in the presence of one "road block" after another on the path to peace, I repeat that the world ought to be big enough for a peace accommodation. If it isn't, I want *my* country to be free of blame. I want *my* country to exercise all reasonable patience and honorable tolerance. I am here to testify that I have seen, in these international conferences, many an impasse, between Moscow and Washington which was heralded as the "final crisis," but which finally was resolved within the liberal principles for which we stood. I state emphatically that I do not believe any power on earth wants war. But the best way for us to avoid it is to always say what we mean and mean what we say, and make the world understand that we do not compromise with principles.

A Few Simple Truths for Moscow

It is in this spirit that I venture to re-emphasize a few simple, earnest truths to Moscow which I took the liberty of first suggesting on the Floor of the Senate last July 16th. I again say this to Moscow—

First. You should understand that we deeply respect the great Russian people and their inalienable right to rule themselves to suit themselves, precisely as we insist upon this right for ourselves and others.

Second. You should understand that we are just as determined as are you that military aggression — from any source and no matter what its guise — shall never curse this earth again; and we are enlisted in this cause for keeps.

Third. You should understand that we are prepared for enlightened, progressive cooperation with every land which invites and deserves our good will — emphatically including yours if you desire.

But Fourth! You also MUST understand that we cannot be driven, coerced or pressured into positions which we decline voluntarily to assume; and we will NOT bargain in human rights and fundamental liberties anywhere on earth. Those days are gone forever.

I hope this is the permanent, unpartisan foreign policy of the United States. I will support such a policy under any Administration. Partisan, domestic politics stop at the water's edge for me. The strength and authority of our spokesmanship in these cock-pits of peace, if I may use that paradox, is measured by our UNITY at home.

Peace Progress to Date

Now my fellow countrymen, let me briefly assess our peace progress up to date, and the other major necessities, as I see them, which lie ahead.

ONE. The Charter of the United Nations is one year old. Under it, 51 nations, great and small, are pledged to the human freedoms and the durable peace for which you veterans fought, and for which people pray at every hearthstone in the world. It is a contract for collective security aginst aggression. No one knows better than the veteran that there can be no peace except Collective peace in this atomic age when another war could be a matter of minutes instead of months, and when the first casualty list may be the last. There is no peace except collective peace. The United Nations is the greatest hope of humankind. It looks toward the correction of social and economic dislocations which breed wars. It looks toward the mobilization of the conscience of the world on the side of justice and fair-play and self-determination. It looks toward a new era of international law as a substitute for fangs and claws. It looks toward united force, if necessary, to keep the peace.

It has many infirmities, but they can be cured as it grows from strength to strength. I have no illusions that it is a panacea. But neither have I any illusions that the peace prospectus this morning would be black as midnight if the United Nations were not available to our hearts and hands. The greater our discouragements from time to time, the greater the need to sustain this tremendous, healing potential for peace. If it unhappily develops a new aggressor within its ranks, it also, happily, develops a ready-made, world-wide opposition to that aggressor. Remember that, ye who may plot—if any ever do! Remember that, ye of little faith! There is no veto on the conscience of the world!

I want my country to give the United Nations the fullness of American support as a matter of intelligent American self-interest and for the sake of the world's best chance to stop the next war before it starts.

TWO. Until the United Nations develop its contemplated united military force we must maintain our own national defense on land and sea and in the air on a basis of complete self-reliance. We must also zealously cultivate regional good-will, as invited by the San Francisco Charter, by nourishing our historic Pan-American relationships. Neither of these objectives collides with the United Nations. On the contrary, our poorest contribution to its authority would be our own impotence. But when the United Nations has demonstrated its alternative availability, and when we can then join the other great military powers in relative disarmament—not by unshared example as in the past, but by cooperative rule of thumb — this MUST BE OUR DEDICATION TO THE REALITIES OF PEACE.

THREE. The ATOM BOMB awes, even as it threatens, the whole earth. Remember, whether we like it or not, this secret is ours for not more than perhaps five years. But it is excusively ours for the time being. Therefore we control decisions respecting it. We have set up close controls of atomic energy at home. The new law exactly parallels the recommendations of The American Legion in protecting scientific freedoms so far as possible, but also in protecting our overriding concern with national security. Meanwhile, we have told the world, through the United Nations, that we are more interested in peace than we are in international suicide, and that we want to join in effectively outlawing atomic bombs and kindred instruments of mass destruction everywhere, forever. We have presented practical, dependable plans for international manufacture, inspections and controls which can make international bad faith practically impossible. We are saying that if others, who have no bombs, will accept these renunciations and these incorrigible disciplines, we are prepared to join them and give up our ugly monopoly. It is the greatest evidence of international goodwill in human history; and it utterly scorns the pitiful Soviet efforts to question our good faith. But for myself—and I know I speak for a majority of Congress which must approve these contracts—I register the unequivocal viewpoint that there can be no compromise in respect to the full protections we require. Unshared idealism is a menace. Either we get these protections for the sake of peace—real and reliable protections — or we do NOT proceed one inch in the direction of abandonment or disclosure. In such event we shall be forewarned as to the kind of a world in which we must hereafter live, and we and the United Nations will have to act accordingly.

FOUR. We must press ahead, with our Allies, in writing the peace treaties which will finally terminate these wars. There can be no peace—no New World—till this is done. There can be no peace so long as large armies of occupation sprawl around the world. For one year, the four Great Powers have been struggling in the Council of Foreign Ministers to write the treaties dealing with the minor Axis satellites. After months of American pressure these treaties, at long last, have now reached the Peace Conference in Paris where 21 Allied belligerents can pass judgment upon them. But they are only on the outside rim of European realities. (I am not attempting this morning to discuss the even greater anxieties in Asia.) The real European problem is in Germany and Austria. Here our Soviet friends have succeeded in preventing so much as even a preliminary start. It is tragically unfortunate because Germany is still the core of European peace and rehabilitation. Despite the Potsdam Agreement to operate Germany as an economic unit, Germany is today administered in four air-tight zones of military occupation with no reciprocity between them. The result is chaos and hopelessness, and another winter may bring stark disaster. In desperation, we have offered to join our American zone with any other which voluntarily cares to reciprocate. The British have tentatively agreed. The French may follow suit. This may point up some progress soon. But it is one of the larger discouragements that all of these peace treaties are so far behind. It is one more hobbling complication in the over-all report I bring to you. But it is all part of the realities, and we cannot dodge these facts.

Mr. Commander, I must not further trespass upon your hospitality. You will understand that I have touched only a few of the high-spots in the difficulties which peace, American-style, confronts. But we are used to difficulties; and we are in the habit of surmounting them.

Business Man's Bookshelf

Cotton—Working Party Reports —paper—copies obtainable from British Empire Information Service at \$1.00 each

Financial Effects of Business Taxes, The — Russell E. Laarcom —Bureau of Business Research, School of Commerce and Business Administration, University of Alabama, University, Ala.—paper.

Economics in One Lesson—Henry Hazlitt—Harper & Brothers, New York City—cloth—\$2.00 (reviewed in the "Financial Chronicle" on Aug. 1, 1946).

Shares in Mutual Investment Funds — Alec Brock Stevenson — Vanderbilt University Press, Nashville 4, Tenn.—cloth—\$3.00

Housing, Social Security, and Public Works — Ramsay Wood, Eliot J. Swan, and Walter F. Stettner — Board of Governors of the Federal Reserve Ssytem, Washington, D. C. — paper — 25¢.

Hawkes & Co. to Admit

Hawkes & Co., 14 Wall Street, New York City, members of the New York Stock Exchange will admit Milton A. Pfizemmaier to partnership in the firm as of Sept. 4th.

Holland Invites American Capital

(Continued from page 1134)

made considerable contributions to the balance of payments.

And so in spite of the Netherlands' customary "unfavorable" trade balance, the balance of payments, viewed over a period of years, always left a surplus.

An analysis of the 1930-39 decade shows:

Average Annual—	Million Guilders
Imports	1,468
Exports	1,020
Deficit in the balance of trade	448
"Other income"	489
Surplus in current balance of payments	41

This picture is certainly favorable, considering the fact that conditions in the prewar decade were very adverse for a country so heavily dependent on foreign trade, on conditions in foreign markets, and on world shipping.

During The Occupation

The war cut Holland off from overseas produce markets so imports decreased sharply. Germany and Continental Europe in general fell short of filling the gap caused by the reduction of overseas imports. Exports on the other hand decreased much less, the German hunger for goods from occupied Holland being practically insatiable.

With total volume of trade shrinking ominously, the balance of trade increased rapidly during the occupation years and 1942, 1943, and 1944 even showed an active or "favorable" balance, the first in a lifetime. Holland's populace however came to realize that a favorable balance of trade is far from synonymous with favorable living conditions. On the contrary, the standard of living fell to a level unknown in Holland's history, ultimately resulting in mass starvation.

The Post-War Period

Holland's first problems after the war were imports: how to get food for a starving population, how to get machinery and raw materials to start production and reconstruction. Second problem was how to pay for these imports.

Means of payment — foreign exchange — had to be provided again by exports, income from capital abroad and income from activities abroad. But though this sounds very much like prewar, circumstances had changed markedly. Volume of necessary imports will be much higher than before the war, and besides, the general price level is considerably higher. Exports, however, will fall far short of prewar volume because of the devastation of the country, whereas the price level of finished products has not risen in the same degree as the price level of raw materials.

Original estimates for 1946 were: imports 3,000 million guilders (pre-war average 1,468 million guilders) and exports 1,000 million guilders (as against a prewar average of 1,020 million guilders). Revised figures, however, estimate imports at 2,300 million guilders and exports at 800 million guilders.

We think, however, that exports will be closer to 600 million guilders than to 800 million guilders. That means that exports will pay for no more than 26% of imports (pre-war 70%), and that the balance of trade will show a gap of approximately 1,700 million guilders (pre-war: deficit 448 million guilders).

But how is the situation as regards Holland's other sources of foreign exchange?

In the pre-war decade Holland's activities on the high seas supported the balance of payments by an average of 146 million guilders annually.

But Holland's merchant fleet, sailing for the combined war effort of the Allies, was halved by the war. Its harbors have been partly demolished by Allied bombing or wanton German destruction. At present, Holland is even forced to use foreign shipping for part of its necessary imports.

Although Holland will certainly rebuild its merchant fleet, an important contribution to foreign exchange from shipping may not be expected in the first few years to come.

International Aviation Promising

A new source of foreign exchange, however, now in full development, is international aviation. Revenues are expected to be five to sixfold of pre-war figures.

Foreign assets of Holland consist of direct investments and security holdings in foreign countries. Most important fields are the Dutch East Indies, the United States, and also Canada, Latin America, England, South Africa, Scandinavia, etc.

Average income from direct investments in foreign countries in the pre-war period was 125 million guilders annually.

It is easy to understand, however, that the income from activities in the Dutch East Indies will be negligible in the period of the islands' own rehabilitation so badly devastated were they by Japanese neglect and incompetence.

On the contrary, the pacification and rehabilitation of the Dutch East Indies is costing and will cost Holland considerable capital outlays, part of them in foreign exchange.

Income from security holdings in Dutch East Indian companies likewise is highly doubtful in the near future. Income on security holdings in the U. S. A., however, during the war was, and still is, an important contribution to the balance of payments.

Summarizing the aforementioned facts, it is easy to see that not only the balance of trade, but also the balance of payments will leave a large deficit, probably far over 1,000 million guilders (pre-war surplus: 41 million guilders).

How to Finance Recovery

To provide the immediate needs of the population after the Liberation, foreign loans had already been concluded in the United States and England even before the country was completely liberated. The dollar needs for the entire rehabilitation period had to be solved by Finance Minister Lieftinck from a more basic viewpoint: how to bridge the gap for the coming years, liquidation of foreign investments or continued borrowing abroad.

Liquidation of foreign investments—owned privately—would mean, however, wholesale expropriation, a measure highly unpopular and certain to meet formidable resistance in a country where private property and liberty of the individual stood traditionally in high esteem. It would also mean cutting the ties between New York and Amsterdam, ties that have survived the stock market ups and downs of a century and a half.

Nevertheless, such expropriation and liquidation were urged in some quarters, which held the view that loan liabilities in dollars (the United States being virtually the only country in a position to give immediate assistance) —meaning fixed obligations as to principal and interest — as against dollar assets, mainly in essentially vulnerable American stocks, are unsound and dangerous, particularly if the Wall Street bull market should rise further.

In the beginning of this year it seemed tnat the Government lent a willing ear to those advocating the liquidation of part of Holland's foreign investments. In a government report a figure of proposed sales was estimated.

But after Finance Minister Lieftinck's visit to the United States, where he attended the Savannah Monetary Conference and where he was in a position to meet leading U. S. Government officials and prominent American bankers, a definite change of attitude became noticeable.

With Holland's credit getting more and more re-established and dollars being obtained from various quarters, the need for selling Dutch-held American securities (conservatively estimated at $750,-800 million present market value) was not so urgent any longer.

And as the situation is now, even Minister Lieftinck emphasizes that selling of American securities will be on a completely voluntary basis.*

During the recent visit of the President of the Amsterdam Stock Exchange, Mr. Carel Overhoff, to New York, Mr. Emil Schram, President of the New York Stock Exchange, called the international character of Amsterdam as a security market a matter of not only national (Dutch) but even of international importance. And Colonel John Haskell, Vice-President of the N. Y. Stock Exchange, would welcome American participation in Holland, thus partly reciprocating Holland's considerable interests in the U. S. A.

The real meaning of Amsterdam as an international security market is most clearly proven by the fact that not until 1914 was the value of foreign securities listed in that market surpassed by that of internal securities.

Early Dutch-American Financial Relations

Tracing back the historical financial connections between the U. S. A. and Holland, we see that, in 1790, with Alexander Hamilton as first Secretary of the U. S. Treasury, the United States of America received its first loan from the Netherlands: 3,000,000 guilders for 10 years at 5%. In his letter to Dutch bankers, Hamilton mentioned "the distinguished zeal you have in so many instances shown for the interest of this country."

Many years before, the Dutch public had already acquired financial interests in the young American Republic, and their interest continued after the first successfully concluded loan, the loan being followed soon by several other loans to the United States at interest rates of 4½ and 4%.

Dutch venture capital provided Hamilton with the money for his Society for Useful Manufacture. Holland supplied capital for the building of bridges in New Jersey, for the construction of roads and canals, and later in the nineteenth century participated in the building of railroads.

The preference for American investments, born in the first and troublesome years of the young American Republic, continued all through the 19th and 20th centuries. At the outbreak of World War II, some 175 American companies covering the entire field of American enterprise, were listed in Amsterdam.

Holland's financial interests in the U. S. A. are not only confined to holdings of shares and bonds in American companies, but consist also of (controlling) interests in American enterprises established by the Dutch, or with Dutch assistance, such as Shell Union Oil, North American Rayon, American Enka, American Bemberg, or affiliations of Lever Bros. & Unilever N. V. etc.

The result of all this is, however, that Holland's financial interests in the U. S. A. far surpass American interest in Holland or in the Indies, notwithstanding the fact that especially in the Indies American capital participation has been on the increase.

*See: "Chronicle" of Thursday July 4th, Page 65.

The Relationship is Reversed

However, everything is pointing now to a reversal of this trend.

Before the termination of hostilities—that is, in February, 1945 —an American banking syndicate, managed by the Chase National Bank of New York, advanced a loan to the Netherlands Government of $100 million, fully secured by Dutch gold. Considering the collateral, this can hardly be called a venture loan. Meanwhile, this loan was paid back in May 1946.

The next American loan came from the U. S. Government, also to the Dutch Government, on April 30th, 1945, a Lend-Lease Loan amounting to approximately $65 million, followed in Sept. and Oct. 1945 by two Export-Import Bank loans of $50 million each, both to the Dutch Government.

If we exclude the Chase loan, which bore, as we stated, very little risk, all these loans were direct **from government, or a government-controlled agency, to government.** They had little to do with a resumption of normal commercial or private international lending. We are inclined to consider these loans as resulting from war-time comradeship, although the loans to Holland definitely lack the political accent that is strongly represented in the American loan to Great Britain and to a somewhat lesser degree in the U. S. Government and Export-Import Bank loans to France in 1946.

With American confidence in Holland's future on the upswing (successful monetary purge, comeback of its industry) commercial borrowing increased. This was strongly accentuated in the $200 million loan from the Export-Import Bank to the Dutch Government, $100 million of which was taken—unsecured—by some 50 American private banks. Here is a new pattern, in which contract parties are no longer governments, but in which the **American lenders are partly the private banks.**

Though less important in dollar amounts lent, we think, however that the dollar credits advanced by American banks to Dutch banks stress even more the confidence in American financial and commercial circles with regard to Holland. These bank credits enable Dutch bankers to finance for their clients' foreign purchases of raw materials which after processing in Holland are exported again. These loans therefore have a strongly self-liquidating character. Although we consider the step from "political" lending to "commercial" lending as a very important one, it still is no real American participation in Holland. Holland commits itself to repaying loans—meaning a debt—and though it may be true that these loans are unsecured, the fact that Holland still owns its considerable dollar investments means that American lenders always have something to fall back upon.

In the May, 1946 agreement with the Export-Import Bank it is stated that "the Kingdom will not permit or suffer the withdrawal, liquidation or disposition of United States dollar securities or other obligations owned or controlled by its nationals to an extent which would make it impossible for the Kingdom to obtain from such sources, if dollars are not otherwise available to the Kingdom for the purpose, sufficient dollars to pay, when due, principal and interest with respect to all promissory notes evidencing advances under the credit."

Therefore we are inclined to consider the most recent development of real capital participation of American industry in Dutch industry as most significant of all and very encouraging for Holland.

American Participation in Dutch Industry

Some quarters in Holland still fear a big and wealthy country, like the United States, developing interest in the economic life of a small nation. In theory it would not be too difficult for the United States to put up a few million dollars and acquire a controlling interest in Dutch economic affairs. Others who welcome the participation of a strong industrial country in Holland's economic life, however, hold these fears as exaggerated. Not only because it is very difficult to acquire a controlling interest through purchases on the Amsterdam Stock Exchange, but also in that they expect considerabble advantage from American-Dutch industrial and commercial cooperation. Besides, with American and Dutch temperament harmonizing very well, there really is not much "danger" in American participation.

Two outstanding American participations in Dutch industries in the last few weeks are the Goodrich-Vredestein and the Beech Aircraft-Fokker plan. Preliminary details of the latter are that Fokker (one of the oldest manufacturers in the world of commercial planes) will send members of its technical staff to the American factory, where ultra-modern jet propelled planes are now being built. This will give Dutch technicians a chance to get experience in this new field of propulsion. Beech will supply Fokker with equipment (war-surplus materials) for its new plant in Holland.

The Goodrich-Vredestein plans go much further. Goodrich and Vredestein have founded a new company, the "N.V. Nederlandsch-Amerikaansche Autobandenfabriek Vredestein" (Netherlands-American Automobile Tire Company "Vredestein"), for the manufacturing of tires and tubes. Production will start in about a year at an initial capacity of 100,000 tires (for passenger cars and trucks) annually. The share capital is 6,000,000 guilders (approximately $2,400,000), half of which is taken by Goodrich and Vredestein, while the remaining 3,000,-000 guilders were offered to the public.

Goodrich's technical and chemical experts are to assist in the manufacturing process. There will be a full exchange of technical experience and inventions. The factory will not only supply Dutch needs, but will also export to Western Europe, including Switzerland, Spain and Portugal, which countries henceforth will be supplied from Holland instead of from America. Dutch pre-war imports of tires amounted to 392,-000 tires annually. The Michelin factory at Hertogenbosch, which commenced operations just before the war, also has a capacity of 100,000 tires. The Dutch Government has given its full cooperation and has granted first priority for many orders. It has been agreed that, for the present, no consent will be given for the establishment of another tire factory in Holland. If, at a given time, a larger output may be required, the government will first consult the Michelin and Vredestein factories in regard to the possibility of a further expansion of their output.

That Goodrich has chosen Holland for the establishment of a Western European factory is to be attributed to the easy supply of rubber from the Dutch Indies, to the highly developed Dutch rayon industry and the relatively low wages. Part of the output will be original Goodrich tires, another part will bear the mark Vredestein. The Goodrich head office for Western Europe (except Great Britain and Scandanavia) will be

established in Holland.

The establishing of Goodrich's Western-European office in Holland is significant of the growing interest of American business circles in Holland as a European distribution center. Holland's industrial leaders have an excellent reputation and "peace" in labor management relations is traditional. With regard to international finance Holland's highly developed banking system, with great international experience, is capable of coping with all complications that may arise in present day financial tangles.

There is reason to believe that more American companies have been approached by Dutch industries for cooperation as set forth above.

A Field for the American Investor

So we see that in little more than a year American-Dutch financial connections have developed from "political" lending to commercial lending and to industrial participation. There is one important category in the United States that so far has not yet taken an interest in Holland: we mean the group of private investors.

Naturally every war means a shock to the confidence of private investors with regard to lending abroad. Only time can heal this shaken confidence, and American investors will watch with close attention the past and present record of the borrowing countries.

But with the United States' present position of largest creditor nation in the world, private foreign lending is certainly to be expected and Wall Street bankers have almost completed their preparations to float two Dutch bond issues: a $50 million sinking fund loan to the Kingdom of the Netherlands and an $8 or $10 million sinking fund loan to the K.L.M. Royal Dutch Airlines.

When these loans are successfully sold to American investors, we expect a further restoration of confidence on the part of the American public in securities of those countries that are gradually shaking off inevitable war and post-war economic controls and which are governed by stable, reliable and truly democratic governments.

Analyzing The Dutch Situation

Holland as a field for the American investor would certainly open interesting opportunities. Management is of the caliber that is responsible for the success of such industrial giants as Royal Dutch, Lever Bros. & Unilever, and Philips. The Dutch may proudly point to the fact that in the first year after the war their airlines in international air transportation will be second only to the U. S. A., but ahead of any European country including Great Britain.

Politically all major parties practically held their own in the recent elections, the first since 1938.

Representation in the present Second Chamber (the most important body) is:

Catholic Party	32 seats (as against 31 in 1938)
Labor Party	29 seats (as against 31 in 1938)
Anti-Revolutionary Party	13 seats (as against 17 in 1938)
Christian Historical Union	8 seats (as against 8 in 1938)
Liberal Party (the old "capitalistic" party)	6 seats (as against 4 in 1938)
State Reformed Party	2 seats (as against 2 in 1938)
Communist Party	10 seats (as against 3 in 1938)
	100 / *96

*Plus four seats for the new liquidated National Socialist Movement.

Communist gains seem larger than they actually are. Most likely the increase comes partly from quarters which before the war voted National Socialist or from the most extreme left wing in the Labor Party.

The later elections for the First Chamber show that the major pre-war parties could hold their ground completely:

	Current	1939
Catholic Party	16	16
Labor Party	14	14
Anti-Revolutionary	7	7
Christian Historical Union	5	6
Liberal Party	3	3
Communist Party	5	0
Several "one-seat" parties	0	4
	50	50

Here the old "one-seat" parties, generally advocating the most extreme political and economic measures, seem to have been completely submerged in the Communist Party.

Comparing the election results for both Chambers most encouraging is the rapid come-back of the Anti-Revolutionary Party, once headed by the well-known (now deceased) former Prime Minister Hendrik Colyn. Although the Communist Party holds 10% of the seats, their cooperation is not needed for any Parliamentary majority and the party holds no Cabinet post.

Good Labor Relations

Reviewing the picture on employer-employee relations — an important investment factor — it appears that Holland's traditional excellent labor relations have fully survived the turmoil of the war years.

Although during the war years Dutch labor went through such nerve wracking experiences as conscription, forced labor, sabotage, strikes with a political background, mass executions for such strikers, concentration camps, starvation, slave labor in Germany, it is surprising to see in what a disciplined manner Holland's labor force in general started on its gigantic task of rebuilding the country, hindered though they were by such colossal handicaps as insufficient transportation, (buses, bicycles and tires), clothing and shoes and a diet, that though sufficient in caloric value, is still far from luxurious.

Certainly strikes have occurred since the liberation, but the general labor picture is peaceful and differs considerably from so many countries where the situation of the working classes is infinitely better.

Compared with pre-war years the number of strikes shows an increase, but the number of working days lost in the period of May 5th-Dec. 31st, 1945 was only 161,200.

Guilder Revaluation Not in Prospect

The declining purchasing power of the U. S. dollar, caused certain quarters in Amsterdam to urge revaluation of the guilder in terms of U. S. dollars. They point out that this will lower or at least stabilize prices of imported goods from the U. S. and would therefore have a wholesome effect on the internal price level. The Finance Minister, however, holds the view that prices in the U. S. A. are bound to go down as soon as production comes into full swing. Moreover, it is said the guilder is not undervalued in terms of sterling and with the talks on the Customs Union with Belgium going on, in case of a raise in the exchange rate of the guilder, Belgium would have to follow Holland's example.

Next to participating in the well-known big three — Royal Dutch, Unilever, and Philips—and in numerous other "internal" Dutch industrial shares, interesting opportunities for investment lie in the securities of such companies as Dutch East Indian tropical enterprises — tobacco, palmoil, rubber, tea, coffee, quinine, kapok, and so on — or Dutch shipping shares, tin mining shares, groups relatively scantily represented in Wall Street, or a company like A.K.U. (rayon) with est in Dutch and East Indian securities.

Opportunities for American Investors

Or instead of investing in a particular Dutch or Dutch East Indian company, there still is the possibility of introducing the shares of Dutch investment companies, giving a diversified inter-numerous affiliations right in the United States.

In this regard we think especially of the Rotterdamsch Beleggingsconsortium (Rotterdam Investment Trust), a company well known in Wall Street as a buyer of American securities. This trust at present owns American securities valued at present market prices at about $7.5 million. The management is now planning a second trust with a portfolio of Dutch and Dutch Indian shares for the American investor who wants to participate in the recovery of Holland and its overseas territories.

The successful record of this trust in the management of its American holdings, entitles the company to guide American investors in Holland's security markets. Guarantees are already acquired from the Dutch Government that dividends will be freely transferable in dollars to American shareholders.

Opportunities for American participation in Dutch industry have never been better: many corporations are seeking additional working capital to renew obsolete or stolen machinery. A large amount of the money acquired in new issues will be spent in the U. S. A. for the purchasing of equipment (Vredestein, Fokker, K.L.M. Royal Dutch Airlines); likewise the reconstruction of the Dutch East Indies (one of the main suppliers of the U. S. A. with rubber, tin, palmoil, tea and other tropical products) will offer great opportunities for capital participation.

Though it would be desirable to have Dutch securities listed in New York, the organization of the Amsterdm stock market is such that American investors could with full confidence make their purchases in that market, and ultimately have the companies concerned make their arrangements with the SEC to get the stocks listed on the N. Y. Stock Exchange.

Already financial circles in the U. S. A. have shown fullest confidence in Holland's future and it seems to depend only on the peaceful settlement of political problems, now under discussion in Paris, to have the private American investor share in this confidence.

If the foreign ministers are reasonably successful, the American investor might find Holland a promising field!

Wall Streeters on U. S. Chess Team Going to Russia

A team of the ten best American chess players is on its way to Soviet Russia to test their skill in the first face-to-face matches between the two nations since before the war. Albert Pinkus, manager of the insurance stocks department of Troster, Currie & Summers, is a member of the team, and Maurice Wertheim, partner in Wertheim & Co., is non-playing captain.

The match was arranged as a sequel to a tournament between Russia and the United States conducted last September via short-wave radio. Defeated in that test by a score of 15½ to 4½ the United States team challenged for a return match, which will be played September 9-12 in Moscow.

Union Upheld in Press Wireless Strike

On the ruling by Arthur S. Meyer, Chairman of the State Board of Mediation, acting as arbitrator, that Press Wireless, Inc., was not justified under its union contract in laying off forty-six employees without advance arbitration, a two weeks' strike of members of the American Communications Association, CIO, halted with the return to work on Aug. 21 of the Press Wireless 300 employees, including the forty-six whose discharge had been disputed by the union. The ruling settled the main issue between Press Wireless, Inc., and its employees who, on Aug. 19, agred to submit their differences to arbitration, thus permitting for the first time in more than a week transmission of news between the United States and foreign countries. A. C. A. employes at other communications firms, in response to a union request, had refused to handle overseas press copy to and from the United States since Aug. 12, with the exception of Government press matter. With settlement of the key point at issue, there still remained for Mr. Meyer to arbitrate two other questions, advices to the New York "Times" stated. These were whether the individual layoffs and reclassifications were proper under the union contract and from what date returning employees were entitled to be paid.

American & Overseas Secs. Corporation Formed in N.Y.

American and Overseas Securities Corporation is being formed with offices at 12 East 93rd Street, New York City, to engage in the securities business. Officers are William S. Wasserman, President; Henry O. Eversole, Jr., Vice-President; Archibald P. Firth, Treasurer; and Alice E. Graham, Secretary. Mr. Wasserman was formerly a director of Delaware Fund Distributors, Inc.

Decisions of the Decontrol Board

(Continued from first page)

board as if it were actually an operating part of the OPA.

The Price Decontrol Board is just what its name implies. It does not say how high or how low prices should be. It does not enforce OPA regulations. It has nothing to do with rationing. It does not have anything to do directly with wages, housing or industrial production and it has no authority whatsoever over rents. You might ask then, what does the Price Decontrol Board do?

I can answer that best if you will go back with me a few months and face very quickly all the controversy over whether or not we were going to have price control until next June. There were a good many points, of course, on which Congress did not agree but after months of hearings many of the tough questions were settled one way or another.

The one big question that was left on which Congress did not decide, was just how fast price controls could safely come off between now and next June. You may remember that in the Senate there was a strong sentiment that price controls over several items like meat, dairy products, should come off immediately. But the House of Representatives never agreed to that and in the end when the price control bill finally went to the President on the last day of June, the House had won its point. The President, however, vetoed the bill and the Congress had to go through the whole battle all over again.

In order to get any price control bill at all on the books, the House of Representatives agreed to a compromise on this whole matter of who should have the power to take off price ceilings and when it should be done. This board, the Price Decontrol Board, was born out of that compromise. The members of Congress agreed to set up this new special board to have power over the Office of Price Administration and the Secretary of Agriculture in deciding when price ceilings should be lifted and when if necessary they should be put back.

Board Cannot Fix Prices

Here is one thing I want to make clear. We do not have the authority to say how high or how low prices will be on any commodities that are brought back under price control, through the actions of this board. The Congress gave the Price Decontrol Board some rules to go by. In the first place the law said that any industry which believes that its particular commodity no longer needs to have price regulation should take its problems to the OPA or to the department of Agriculture in the case of agricultural products. If one or the other of these agencies denies a petition from any industry for exemption from price control, the Price Decontrol Board can upon petition review that decision and either uphold it or reverse it.

As another part of the compromise, the House of Representatives agreed with the Senate that the Decontrol Board should first consider without an application from the industries, the problems of price controls over meats, grains, dairy products, cotton seed and soy beans. The Congress provided that these commodities should remain free from price controls until August 21st. The Decontrol Board was then directed to order that these commodities should remain free from control after that date unless the board finds it necessary to direct that control after that date and controls be put back.

I can assure you that the responsibilities the members of the Price Decontrol Board have been carrying in the past three weeks and are to carry until the price control act expires next summer are not responsibilities that any man would seek. I am sure I am speaking for Mr. Mead and Mr. Bell and I am speaking from my own heart when I tell you that this responsibility is a heavy load for any three men because on the rate at which prices and decontrol (SIC) depends our success in making a thorough, smooth transition to a peacetime economy, an economy in which the scarcities of war must be wiped out by a flood of production. Speaking for myself, I can tell you that if anybody had told me a month ago that President Truman was going to ask me to serve on the Price Decontrol Board I would have answered that there was a much greater chance that I was going to be struck by a bolt of lightning.

It was about a month ago as I recall that I was in my yard at my home on the Gulf Coast building an outdoor barbecue pit and enjoying a bit of vacation. Mrs. Thompson sent one of the children out to tell me that there was a telephone call for me. It was the White House calling, and the President wanted me to serve on the new Price Decontrol Board. The call was so unexpected I said I would have to have a little time to think it over. Moreover, before I could accept any outside activities it was necessary for me to get clearance from my own board of directors. One thing was clear to me. No American could refuse to do his honest best to help the country get back to a healthy peacetime economy.

Well, that is all behind us now. I came to Washington where I had known Mr. Bell for several years and here I met Mr. Mead, who had flown in from his home in Dayton, Ohio. We were all sworn in on July 30th, and with hardly time to catch our breaths we went into the tremendous task of organizing the board, selecting our staff, scheduling the hearings and getting the whole picture on the immediate problems facing the board: What to do about meats, dairy products, grains, and fats and oils. We have been at it ever since, days and nights and Sundays. We had to because of the time limit fixed by Congress. We immediately asked the other government agencies to give us every scrap of fact that they had on the whole problem. The Department of Agriculture, The Department of Labor, the Office of Price Administration, the State Department and others who had information that might be helpful to us in getting the clearest possible over-all view of the situation. Materials just poured in. Then as Congress directed us we held public hearings in Washington lasting four long days.

I know all of you have read about those hearings in your newspapers and heard about them on your radios. Men and women came from all parts of the country to represent various interest groups — farm groups, consumer groups and labor groups. All of them showed the finest sort of cooperation to this board in keeping to their schedule and necessarily limited time of appearance and by presenting their views in such concise and intelligent manner. They made an important contribution to the solving of our problems. In all we heard the views of over a hundred people representing vast segments of the country's economy.

Naturally, it was helpful to hear all these views. It showed how the people on both sides of the arguments feel about it and it was from these opinions added to the facts made avaliable to the board that we shaped our judgment to the best of our ability and what we feel to be consistent with law and to the best interest of the nation.

Obviously on so controversial an issue it would be impossible to please everybody. At times during our deliberations we came to wonder whether we could please anybody, but it was not our assignment to please or displease. It was to decide the issues at stake on the basis of all the evidence as closely in line with the intent of Congress as was humanly possible. Another three men might have arrived at different conclusions. We ask only that you consider our decisions in the light of the present price control law, the law under which we operate.

The law that Congress put on the books on July 25th, has two objectives which I do not think have been widely-enough understood. I would like to emphasize those objectives tonight, not in the legal language of the law but in the language that you and I would use. The first objective is that we must rapidly get production equal to demand if we are to make possible and now I quote from the law, "A successful transition to the peacetime economy of maximum employment, production and purchasing power under a system of free enterprise." And secondly, the law says that unnecessary, unduly prolonged controls over prices would slow up that production.

Therefore, controls, says the Congress, should be ended as quickly as it is safe to do so. In my opinion, that has been the spirit of price control ever since V-J Day. The whole argument has been over what is too quick and what is too slow. It is the job of this job to determine the safest pace.

What the Board Has Decided

Now let us look at what the board has done tonight about the first four basic food commodities which Congress singled out to go back under control unless this board decided otherwise. The Congress laid down some definite yardsticks by which we were to judge these commodities — meat, dairy products, grain, fats and oils. In a sense the final answer is the result of our judgment as to how these yardsticks should be applied but in any case these were the yardsticks; First, Congress said that the Price Decontrol Board must keep these food items free from price control unless it found that prices had risen unreasonably above the June 30th ceilings plus the subsidies which the government had been paying; Second, Congress said the Price Decontrol Board must keep these food items free from price control unless it found that the supply of the particular commodity is short and that price regulation on that commodity is practicable and enforcible; Third, Congress said that this board must keep these items free from price control unless the public interest would be served by bringing them back under control. You must understand that in order to recontrol any commodity all three of these conditions must be present—not one or two but all three. This is the formula laid down by the Congress.

The Meat Situation

Let me now discuss with you how we applied each of these yardsticks to each of the commodities we were directed to deal with. I think that you, the American people, are entitled to know on what basis these very important decisions were made. I hope you will be able to follow me carefully for they are very vital considerations.

First, let me take the case of meat. We have decided that all meat is to go back under price control as soon as new regulations can be issued. I do not have to tell any housewife listening in tonight that the price of meat in the butcher shops of this country is far higher today than it was on June 30th. I am sure you will all agree that meat has increased unreasonably. We have seen reliable reports that live cattle prices increased from one-fifth to one-half as much again in price after controls were taken off. When these cattle were slaughtered the prices received by meat packers went up at least a third higher than they were on June 30th. There were many cases in which wholesale meats doubled. It stands to reason that these high prices had to carry right through to the meat counter and of course, without any price controls the butcher could add further to the increases.

There isn't the slightest doubt in our minds that the first yardstick, the test of unreasonable price increases, has been more than satisfied under the law Congress gave us to work with. Nor is there any doubt either about the shortage of supply. From the best estimates that we could obtain, the supply of meat in this country during the next year cannot take care of demand certainly not at anything like reasonable prices. Many of the beef cattle that are going into the feed lots of the Midwest this Fall will not be ready for your table until early next summer. Before that time the present short supply of pork will be improved and will help fill the gap in beef supply next April, May and June.

You can sum it all up by saying that meat, one of the single largest items in the budgets of moderate income families, is not going to be plentiful during the coming year. We were troubled about enforcement of beef price ceilings as I am sure you have been too. There are, however, several very important reasons for our belief that enforcement of beef prices will be better than it has been.

Most of the trouble enforcing the meat price regulations has not been in the butcher shops. It has been where meat is slaughtered and in pre-retail distribution. We have been advised that the government's regulations on the slaughtering of beef will be tightened a great deal, partly by concentrating all the controls in one agency. Congress itself authorized a much larger enforcement staff and it is hoped that the leaders in the meat industry will do their level best to see that the rules are lived up to. The government needs this cooperation and we expect that with this help meat prices can be held in line.

Mr. Mead, Mr. Bell, and I are convinced that the public interest requires the strongest possible action to prevent any inflationary rise in the cost of meat for the families of this country. In fairness to the industry I think we should stress that not all the price increases in meat the last few weeks can be blamed on those who produce and sell the nation's meat. On June 30th, most meats were partly subsidized by the government. This was a part of the nation's wartime program to make sure that the scarcity of some commodities, particularly—most important—foods, did not cause a big rise in the cost of living. This subsidy was taken out of the government's cash register and paid to those who slaughtered meat legitimately. It meant that they could pay the farmer a high enough price to cover his added cost and it meant that the slaughterer did not have to pass these higher costs on to you.

When price control ended on meats the government stopped paying the subsidy and slaughterers just had to reduce the price they paid livestock growers or charge your butcher more for the meat they sold him. Obviously with meat short in supply you paid the increase. But for the most part that increase to make up for the loss in subsidies was only a portion of the total increase in the cost of meat.

The Grain Situation

This board has authorized the proper government agencies to start paying the subsidies again and you will benefit by it. However, the members of this board agree with farmers and industry men that the principle of subsidies is one that the government should abandon just as soon as it safely can. We do not want permanent peacetime subsidies. As an indication of that we have ordered meat subsidies cut in half around the first of January, and Congress has ordered that they be stopped entirely by April 1st next year.

When it came to grains there was comparatively little difference of opinion between the various government agencies. The wheat has been—the weather has been on our side in the corn belt and the wheat belts. The total crop was a bumper one. The corn crop is well along and will almost certainly be the largest we have ever had. Our domestic demand for grains, particularly for wheat, will be somewhat lower this coming year and although there are as yet no final figures on the amount of wheat we will ship to the needy folks in other lands, reasonable judgment would indicate that these needs can be met with present supplies.

Food prices are not substantially higher than the ceilings on June 30th. Corn has advanced in price but that is largely because we are at the tag end of last year's crop. Some prices have declined sharply from the peak week in July and there is convincing evidence that corn prices will be still lower when the new crop comes in. We do not consider it in the public interest to put back controls for that short period. We did make one minor exception to the decontrol of grain. That was flax seed, which we directed recontrolled to prevent wild price rises in linseed oil, which has so many industrial uses.

We met one particularly perplexing problem on grain and we wrestled with it for many hours. Some feeds for poultry and livestock are made from by-products of cotton seed, soy beans, other grains, peanuts and animal products. These products are in short supply and prices have risen sharply. We have determined that these so-called by-product feeds shall go back under price control. This would help hold down the cost of producing poultry, livestock and dairy products.

I would like to say right here that few people in the United States realize how complex our economy has gotten to be. Every single thing you talk about on this list of basic foods affects all the rest. It is impossible to consider one apart from the other. That fact gave us most of our headaches in arriving at these decisions. We would find that our conclusion on one item forced us to reverse an earlier conclusion on some other items. Then we would have to begin all over again. Fortunately the decision on fats and oils was an easy one. Nearly everybody agreed on what needed to be done. Price rises since June 30th were outrageous in many cases. An adequate supply of fats and oils is nowhere in sight according to the best estimates we could find. This country, for example, is unfortunately having to halt all exports of fats and oils after the end of this year.

So we put price controls back on cottonseed oil and soy beans. I would imagine this is one of the commodities in which it will take supply longest to catch up with demand.

Dairy Products

We decided that dairy products—that's milk, cream, butter and cheese are to continue free from price control for the time being. We hope that present conditions will hold or improve so it won't be necessary to rule otherwise in the future. Let me tell you why we decided that way.

Checking across the country, a

quart of milk went up about three cents in the so-called free market since June 30th. Of that three cents, nearly two cents was necessary to take up the slack when subsidies were discontinued with the end of control. There were some instances where milk rose more than two cents a quart, a few places even higher. But when you look at the whole picture from coast to coast the average increase to consumers was less than three cents, and two cents of that just made up for subsidies. So the real rise in milk was less than a cent a quart. The price of butter in the stores was very high for a time after price controls were lifted but the average amount of subsidy on a pound of butter in June was nearly fifteen cents. When you add that fifteen cents to the price you were paying on the ceilings in June, I think you will find that present prices are not far out of line.

Some cities showed present prices under the June ceiling price plus the subsidies. I'm not saying, of course, that there weren't some cities where distributors temproarily took advantage of the situation and we are aware, too, of the fact that much butter was dumped on the market in hope of cashing in while there was no price control.

But once more I want to point out that the Congress said that dairy products must remain free of controls unless this board could find that prices have risen unreasonably. We could not feel that there was a clear case of unreasonableness in milk prices, increases over the ceilings plus subsidies and we believe that it is the intent of the price control act that any doubts should be decided in favor of the free market toward which we all are working.

When we turn to the supply yardstick it was evident that we are not going to have as much milk and milk products as we could drink and eat, but at the present time we are eating a lot more dairy products per person than we did before the war. I hope we can keep doing it.

We must, however, recognize that we are going into the season of the year when milk production goes down and it is just going to take a little patience on everybody's part to make our supply go around fairly. The board feels that it is in the public interest to give the dairy industry a while longer to prove that dairy products will not rise unreasonably in price in a free market. The objective of the present stabilization program is to encourage the heaviest possible production as long as prices stay reasonably well in line.

It would be unfair, we feel, not to recognize that the bulk of the dairy industry has done a good job and there has been a good deal of restraint shown in keeping dairy products pretty well in line. This is due, in part, we imagine, to the fact that many states now have no controlled programs which tend to stabilize the market.

However, if dairy products move up word from here on out, this board can and will, put the industry back under control. We sincerely hope that this action will not be necessary.

Looks for Dissatisfaction

I have covered these subjects rather hurriedly. The other members of the board and I have tonight issued a detailed statement of our reasons for making the decisions. They will be hotly debated. I have no illusions about that. But the decisions are made.

I would, however, like to take a few moments with you to discuss what we believe lies ahead of us, all of us. We are aware of the fact that our decisions would not fully meet the individual hopes of the consumer, labor, industry and farm groups of this country. But we have constantly kept the public interest before us. I think we are going to hear plenty of criticism. To that which is constructive we will give every consideration. We must be alert at all times to the fact of prices, supply and the public interest. Congress has provided a way in which any industry can bring before the OPA or the Department of Agriculture a plea for freedom from price control.

We expect to point out that these channels must be followed. When this board is called upon to review the decisions of any of those two agencies, it will do so without fear and without bias. The Price Decontrol Board believes that the present price control law can be an effective safeguard against runaway inflation. But it can work only if consumers, farmers, workers and business men want it to work. We believe that the spirit in which the nation accepts the decisions of this board will in the weeks ahead provide a true test of the country's willingness and determination to protect itself against the tragedy of inflation.

We can not win that fight with laws, regulations, restrictions and present financial props alone. We can win it only if together we set our hearts to do so. We have learned much about ourselves in the war. We have learned that we can control, indeed, the heavy forces of economic destruction. We have learned that some of us cannot long prosper unless we all prosper. We have learned that some of us cannot long be respected in the family of nations if we are torn apart at home by bickering, suspicion and selfishness. We three members of the Price Decontrol Board have done our very best to serve you with no thought of personal concern except the welfare of our country. We hope that you will be guided by that same concern.

We hope that industry and farmers will use wisely their increasing freedom from controls, restraining any impulse to obtain more than a fair profit or to withhold goods in the hope of more profit. We hope that consumers will use wisely their vastly increased purchasing power, restraining any impulse to buy more than he really needs.

We hope that labor will restrain any impulse to advance against the interest of the country. It has been a welcome opportunity to have had this chance to discuss our problems with you. I hope that you will think them through and then cooperate with your government in every way you can to make price controls effective as long as we need them and for your country you can do nothing less.

Wm. H. Thomas Forms Firm in Los Angeles

LOS ANGELES, CALIF.—William H. Thomas has formed William H. Thomas & Co. with offices at 650 South Spring Street, to engage in the securities business. Mr. Thomas was formerly with The Los Angeles Corporation and prior thereto with Fewel, Marache & Company. Mr. Thomas has been in the investment banking business for 33 years, having been one of the original organizers in 1912 of Perrin, Drake & Riley. In 1930 he withdrew from the firm and was appointed Federal Receiver in Equity for the Boulevard Land Company of Los Angeles.

John P. Robins Opens

AVON, N. Y. — John P. Robins is engaging in the securities business from offices at 321 Washington Avenue. He was formerly for many years with the First New Jersey Securities Company.

Social Security Expansion

(Continued from page 1144)

mental stage ten years ago and our first steps were cautious. At the time when the Social Security Act was passed, domestic servants, farm labor, the self-employed, the employees of educational, charitable, and similar non-profit organizations were excluded from the benefits of the program. They were excluded not because these groups had no need for such protection but because it was not deemed administratively feasible to bring them within the scope of the old-age and survivors insurance program.

20 Millions Unprotected

But today the experience gained in over a decade of its administration has convinced the Social Security Board that these difficulties can now be overcome. There is no longer any valid basis for withholding this protection from approximately 20 million Americans. Fortunately several of the excluded groups are protected by special retirement systems. But the vast majority of those excluded from Social Security benefits cannot plan on any specific or adequate income after reaching an age when they are forced to retire from work. Can we dare to rest the common good upon such a foundation of insecurity?

Let me call the roll of these excluded groups:

Over 8 million are in agriculture. This figure includes upwards of 2 million farm laborers and about 6 million who are self-employed in farm work.

More than 4½ million self-employed people who are outside of agriculture are also outside the protection of old-age and survivors' insurance. Here again the presumed difficulty of administration was the chief reason advanced against including this segment of the population.

At least 2 million domestic and household workers have no share in our current social security program.

Add the millions who are employed by non-profit organizations and you have nearly one-third of our total working force outside the protective range of old-age and survivors' insurance. True, some of these people have other insurance protection, but millions more see no such prospect for their declining years.

Though the last Congress made some increase in the benefits allowable under the old-age and survivors' insurance program, present payments are far from adequate. Witness the fact that last September estimated average monthly benefits in force for retired workers ranged from $19.40 for a single woman to $44.10 for a worker and two or more children; while survivor families received from $20.20 in the case of a widow 65 years or over to $50.40 in the case of a widow and three or more children.

Even with the recent additional grant of $5 a month these sums are wholly inadequate. Especially in view of steadily rising living costs. I strongly endorse the proposal that benefits should be computed as 40% of the first $75 of the average monthly wage and 10% of the remainder of the wage up to $300.

Neither my time nor your patience will permit me to discuss other objectives in such detail. But I do want to mention the very real need to increase the minimum wage requirement under the Fair Labor Standards Act. At present the floor is 40 cents an hour. And here, too, higher living costs have eaten into this modest minimum. Forty cents an hour is only $832 for a full year's work, at 40 hours a week.

Nor can we assume, as many people do, that wage earners no longer need this protection. During the past fiscal year, in spite of the comparatively high wage levels that prevailed, inspectors for the Wage and Hour and Public Contracts Divisions found minimum wage violations in 11% of the 40,000 establishments which they visited.

The Work of the Labor Department

I wish it were possible for me to give you a full picture of how the Labor Department functions and how the various bureaus and divisions contribute to the welfare of the many millions, organized and unorganized, who make up our working forces. But that, too, would take me far beyond the limits of a single speech.

How shall I describe the work of the Bureau of Labor Statistics, which compiles and analyzes such a wealth of data? Facts are the Bureau's stock in trade. They include comprehensive data on employment and occupational outlook, on prices, wages, hours of work, labor turn-over, union organization, industrial accidents, labor productivity and a long list of related facts that make up the vital statistics of our economy. They are widely used by governmen, business and labor.

I wish that I might show you how the U. S. Employment Service goes about its task, and how its national network of 1,700 local offices provide the link between workers and employers the country over. Mere figures cannot begin to tell the story because there is a human story behind every one of the 7 million job placements that USES took care of during the first 11 months of the fiscal year.

During that year more than 10 million servicemen and women were discharged and millions of war workers had to look for peacetime jobs. This put a terrific burden upon industry, government and labor alike. Yet as of July first we had 56.7 million people at work and only about 2½ million jobless. Meanwhile, in spite of serious set-backs, our economy reached new highs in the production of civilian goods and services.

The Department of Labor does not take all of the credit for this truly remarkable achievement, but we did have a hand in it — a large hand, I think.

We were active, too, in the troubled field of labor relations. Before discussing that very briefly, I want to remind you that during the months since VJ-Day most wartime controls were lifted, and new national policies affecting both labor and management were taking shape. Labor was uneasy over the prospect of wholesale shfts from war industries to lower paid peacetime jobs and a shorter workweek. Prices were rising and the fear of unemployment hung over men and women who had worked long hours in vital war industries. Management also faced a whole series of reconversion problems that offered no sure or easy solutions.

In such an atmosphere industrial strife was almost inevitable. The piled-up tensions, the wartime maladjustments that could not be eliminated suddenly, created an atmosphere that was anything but conciliatory. Yet from VJ-Day through May 30 the U. S. Conciliation Service settled more than 14,000 cases involving more than 7 million workers. Work stoppages totalled 2,865, there were 4,794 threatened strikes and nearly 6,500 controversies.

Let me underline that figure for threatened strikes because it tells a most important and reassuring story. In March the Service handled 448 cases where a walkout was impending when a Commissioner reached the scene. Yet they went ahead and settled 85% of these disputes before a walkout occurred. The performance in later months was equally good.

A Problem of Human Relations

Again I wish I could tell that story in human terms, for that is what most disputes are—a problem in human relations. When reports of labor unrest fill the news columns, how many of us stop to realize that about 15 million workers now are covered by union contracts? Contracts which affect not only the wages and hours but the way of life that these workers and their families enjoy.

This means that every working day many contracts are brought up for renewal or negotiation, and literally thousands of grievances are adjusted through regularly established grievance procedure. That is collective bargaining we seldom hear about, but it is a vital part of our democratic process.

There are many other Labor Department functions that you should know more about. Our Apprentice-Training Service, which can report a marked expansion designed to keep the door of opportunity open to tomorrow's craftsmen; our Women's Bureau that has done so much to safeguard and promote the interests of women who are breadwinners; our Division of Labor Standards, which has helped to bring about better working conditions.

Even that recital does not complete the list but I think it will serve the purpose. I believe it will show you how the Labor Department has contributed to our security.

Needless to say, the task is not finished. But it is well begun and I think the objectives are clear. One immediate goal is the wise use of our resources in men and materials to provide higher living standards for all of our people. We must learn to match production and consumption at levels which bring a good life within the reach of all.

We dare not stop short of that goal. Neither as a nation nor as individuals can we afford to make yesterday's landmarks the guide posts of tomorrow. I am sure the Fraternal Order of Eagles has no such intention. I am sure you stand ready to press forward as you have always done.

Looking beyond the economic field there are other areas wherein we can strengthen our democracy at home and promote our security abroad. We need to foster and encourage those moral values by which men live and nations endure. We must re-dedicate ourselves to the cause of human freedom. Now, and always, let us build our security in the hearts of men, resting it upon the solid foundation stones of Liberty, Truth, Justice and Equality.

New York Bowling Season Soon to Open

The Bowling season will start for Wall Street on Wednesday, Sept. 18th, and will continue each Wednesday for thirty-two weeks at 5:45 p.m. at the Seridan Square Bowling Alley (Christopher St. opposite Jack Delaney's).

Those wishing to bowl should communicate with any of the following members of the bowling committee:

Arthur Burien, Strauss Bros., Chairman; Otto Berwald, Berwald & Co.; Richard Goodman, Cohu & Torrey; George Leone, Frank C. Masterson & Co.; John N. Manson, Phillips & Wellington; Le Roy Klein, Lebenthal & Co.; James Cleland, James D. Cleland Co.; George Searight, The First Colony Corporation; Wm. Kumm, Dunne & Co.; John J. O'Kane, John J. O'Kane, Jr. & Co.

"Can Free Competition Prevent Inflation?"

IRA MOSHER

(Continued from page 1138)

woes. Even now, important industrial units are hogtied—a few because of big strikes, but more because of little ones that prevent the flow of vital parts to final assembly lines.

Perhaps the strike problem will subside for a while. The CIO is still getting off its daily stint of threats and misrepresentations of fact, however. Legislation—such as the President vetoed last June—is a must if we are going to begin to cure the labor problem. Labor's right to strike must not be taken away, but organized labor's irresponsibility must be curbed—if the public interest is ever again to be a controlling factor in this nation.

On the government spending side, we have some fine words—but small deeds as yet. President Truman recently raised his official predictions of government spendings this year from 35 to 41 billions of dollars. At the same time, he gave forthright and commendable recognition to the inflationary nature of high level government expenditures—so frank and forthright in fact that the meagre cuts in expenditures he requested of government agencies suffer in comparison.

How high is 41 billions of dollars? Well, it's just 25 cents out of each income dollar produced by the nation's work. It means a charge of $900 against the income of each family of four. I leave it to you whether the service rendered is worth that price.

Every dollar spent unnecessarily by government is a dollar unnecessarily competing with industry for scarce workers and scarce materials. A dollar spent by the government is buying power—but it creates no goods and services to be bought.

This adds up to the conclusion that the nation should back up the President in his effort to cut government expenditures—but it should demand of him that he redouble that effort.

So, you have the answer. Free competition is the mighty force which raised this nation's standard of living beyond the dreams of other lands—but it alone can't prevent inflation, now or at any other time. Government, and organized labor, must also act in keeping with the public interest.

The rub is that we don't even have that free competition. OPA controls still stand in the way—though perhaps the way may be a little easier under the new Act. OPA doesn't prevent inflation—it hides it for a time only. When the curtain goes up, we find more inflation because we have had less production.

OPA was created during the war to restrict production of civilian goods in order to increase production of military supplies. In peacetime, OPA continues to restrict production of civilian goods.

Free competition offers the price control which really works—price control by the American housewife. This estimable lady may have forgotten her power over prices until suspension of OPA for 25 days in July. After all, it had been nearly five years since she was queen of the market place.

But she's a rejuvenated lady—make no mistake about it.

The American housewife will not forget the pleasures, and benefits, of shopping around again—of picking and choosing and walking out on the chiseler.

Let the man beware who thinks she will stand for a return of the day when OPA was king and she took the handouts from bureaucracy's back door.

Free competition and the American housewife have a rendezvous with plenty, but the three-headed monster of the night still stands in the way—OPA controls, government extravagance and labor policy.

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SYLVIA PORTER

(Continued from page 1138)

ures adopted during the war to prevent inflation. I have heard the argument that a high level of production is possible only under free competition and a high level of production is the only solution for inflation. I have weighed the complaint that corporations could not and cannot earn fair profits under the OPA. I have studied the assertion that wartime cost of living statistics were woefully inaccurate because they failed to reflect the fact that millions of people were buying necessities in the black market. I have analyzed the promise that any price boom under free competition will be very temporary and living costs will readjust themselves rapidly. And I have tried to believe. But I cannot.

I find, for instance, that in the last several months, production has reached the highest peacetime peaks in all history. And I recognize that the reasons why you and I have not felt that production more are that:

First, the rise of production to new heights has not been even and shortages still are acute in many durable lines;

Second, there are more people—more consumers—in the U. S. than before the war and since 1941, the nation's population has increased by 5% while the number of persons employed has risen 10%;

Third, more people are working and receiving higher incomes than ever before in peacetime;

Fourth, during recent months of debate over maintenance of the OPA, many producers have withheld goods from the market in the hope of getting higher prices for and profits on the goods;

And inventory fill-up has diminished supply to consumers and export demands have been heavy.

No, I cannot accept the argument that a high level of production is possible only under free competition, for we are getting the production and we will get more. And only when that production has lifted supplies to within some reasonable distance of demands will it be time to let free competition determine the cost of living of my family and the millions of families like mine.

I find too that I cannot accept the complaints about corporation profits. Once again, corporation profits are soaring. The Reserve Board forecasts that 1946's corporate profits after taxes will be higher than 1945's spectacular returns. And a privately-circulated analysis I received this week from a Wall Street brokerage firm makes the intriguing comment that "profit margins are beginning to be high enough to be embarrassing." That's a significant word—"embarrassing."

I find also that I cannot agree that price rises of the last few weeks simply reflect the prices being paid anyway by Americans in the black market. Not all America dealt in the black market! I certainly didn't—and I'm by no means unusual. During the days of fairly effective price control and rationing, the average American consumer was able to buy at least some meat, some butter, some milk and bread at decent prices. But today, regardless of his wages or his viewpoint, the average consumer pays 10 to 40% more for his necessary food and clothing. To say that we do not feel these increases is to jest at reality.

And I find finally that I am not comforted by the promise that these rises will be only temporary. Serious analysis indicates that in many lines, shortages will continue for some time and buying will outrun supplies for much longer than a "temporary" period. Moreover, every rise in basic prices in this nation tightens the rope around the necks of millions of hungry, helpless consumers in other lands, undermines our grand plans for international economic stability, so essential to international political peace. And I ask, in all sincerity, what do those who promise later readjustments expect the millions of ordinary wage-earners to do while the prices are booming? Shall the man who must support a family on $40 or $50 a week stop eating "temporarily"? Or stop clothing his children "temporarily"? Is he expected to hold his breath for six months? That average wage-earner will dig into his savings, he will borrow, he will cut his living standard to pitifully low levels. And it will not be a voluntary cut either. A temporary inflation may be just an inconvenience to the man with a large income and substantial savings and securities purchased to give him a hedge against rising prices. But a temporary inflation is disaster to the lower-income American—and he is in the majority.

Free competition now will hasten our march up the price scale and our subsequent "readjustment"—a kind word for depression. Today, supply is still far, far behind demand in countless lines. Today, there is a record total of cash in the nation ready to spill over into the markets at any instant. With the forces of inflation so powerful, we cannot afford to relax our vigilance.

On the price front, we should maintain controls to the limit possible under the law.

On the industry and labor front, there should be a determined effort both by organized business and labor to work for stability during this critical phase and to curb the selfish and irresponsible in both ranks.

On the fiscal front, Congress and the Administration should do all within their power to balance the budget, cut the debt, maintain controls over credit and speculation and continue anti-inflation tax rates.

And on the consumer front, buyers should exercise their own "controls"—buy carefully and selectively, resist any temptation to rush the markets for scarce goods until the goods no longer are scarce.

I do not ask for permanent controls and I believe we will be able to abandon controls in the relatively near future. But it would be defying the teachings of history and plain common sense to permit free competition to determine our lives now. It is not un-American" to plan for stability during a crisis! It is naive and cruel not to.

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WM. YANDELL ELLIOTT

(Continued from page 1138)

use of export licenses which today keeps foreigners, who are heeled with billions of dollars we have paid or given them, from draining scarce goods out of our market.

I want to emphasize the word "now" in the title, too. I have every hope myself that competition will be enough to remove price controls as shortages are made up—most of them over the next six months, in all but a few very scarce articles. To knock out these controls at this moment, however, would be at just the wrong time, since production has not yet filled the distribution pipe lines into the nation's shops and there are many remaining severe and serious scarcities that cannot be met out of present supply at any price.

No one doubts, I think, that we have a crying demand for housing. Some foods, like fats and oils; many types of building supplies and hardware; many basic metals like copper, lead, zinc, and tin; and sheet and strip metal steel that holds back automobiles and consumer goods, all are apt to be in shorter supply for total civilian demand than during the course of the war.

Dependence on free competition alone would mean throwing out the international controls over tin and crude rubber that help to assure this country supplies of these scarce materials at reasonable prices. The same thing goes for drugs like quinine. When we let go the international controls on hides and skins, recently, prices in some items jumped 100%. The scarcity of leather ought to be over by late Fall. But scarcity is here today. Shoes would go on up, as they did in June, if there were no OPA. Rent, building materials, textiles, shoes, consumer goods, autos and food items! These things mean inflation, if let go, in about 50% of every family's budget. They would drag wages and the other fifty percent of adequate supply after them upward into inflation prices. Remember that we are dealing with a *world* demand from countries starved for goods who have somewhere between ten and twenty billions of dollars of their own money to spend for them *now*, available to put into our markets. Electric refrigerators have sold on the black market in South America for up to a thousand dollars. No rise in prices can bring magical production to cure this absolute scarcity for the next few months (and in some instances a year or more) against the terrific demand of this country and the whole world. We have money to burn through the widespread ownership of bonds and savings, that amounts to something around 200 billion dollars, not including the bank credit that can be pyramided on top of this. That is why Federal Reserve control and high taxes are also necessary to prevent inflation.

We have priority controls still to insure that veterans get the first crack at the building materials that are so totally inadequate to meet the housing demand; and that their houses are built at a reasonable price. Free competition for building would mean lots of high-priced houses and new building—but not for low incomes.

We have to put on a drive for economy in government or keep our present high level taxes, and in my opinion, even increase some of them on luxuries and amusements. We must prevent abuse of installment buying and the building up of speculative inventories. These controls must supplement competition.

Why do we have to keep some of these controls in peacetime? We all get tired of war controls and we tend as a nation to think a war is over when the shooting stops. That's a bad mistake. Both Congress and the President, backed by the country's view that the war created these dislocations and shortages, said that we had to control them through extending the powers to stabilize and control for another year. We could easily lose the peace by inviting inflation through a removal of all controls of the kinds I have spoken about. Cutting loose controls now, including those on inventories, would mean rising prices, speculation, and strikes. It would create grave injustice to the people on fixed salaries. It would provoke an inevitable series of strikes that would do more to cripple production than any possible administration of price controls, even badly administered. If production is the answer, we must keep down strikes.

Now I want to say a word about the OPA. Mr. Mosher and I used to spend a lot of time together trying to change some of the OPA's pricing policies and administration. It may seem odd for me to appear as a champion of the OPA this time. In spite of all its mistakes it did a necessary and a very useful job that helped us to win the war. In my opinion Paul Porter's administration of it and the recent changes insisted upon by Congress give promise of keeping it for the necessary time to see us through to where it no longer will be needed. Even Mr. Hayek in his strong attack on government planning in defending the free economy, in his book, *The Road to Serfdom*, says:

> "However much one may wish a speedy return to a free economy, this cannot mean the removal at one stroke of most of the wartime restrictions. Nothing would discredit the system of free enterprise more than the acute, though probably short-lived dislocation and instability, such an attempt would produce."

That is also the view of the business statesmanship that is spoken through the Committee of Economic Development. It was the view of the committee of Congress on Post War Economic Policy and Planning with which I worked. I don't believe that there are a hundred people in both houses of Congress, and there certainly aren't that many among the thousands of reputable economists, who would go as far as Mr. Drucker and Mr. Mosher would tonight in throwing out all price and rent controls *at this time*. I don't believe there are twenty men in Congress who would want to depend on no other remedy against inflation than free competition, for that would mean removing our whole system of budgetary and banking controls over the dangers of inflation, as well as all the other war powers that we now retain.

Does Mr. Mosher think that labor this Fall can be held to any kind of willingness to work for present wages unless it has the assurance that its rents are not going to be kicked as much as a hundred percent as they were by some landlords? That its clothes are not going to go up by ten or twenty dollars more for a moderate priced suit; and its children will find it hard to buy clothes and shoes at prices that not even the well-paid workingman of today can afford for his family. What about us poor people on heavily taxed salaries, who don't get *wages*? The Wage Stabilization Board has held the line against wage increases since the repassage of the OPA bill—much more strictly than the OPA has in respect to prices which Congress had in many cases directed should be raised. The Wage Board cannot do this if the OPA and all the other controls goes out or were not used.

We are going to have the hardest kind of fight to prevent inflation if we don't stop letting everybody ride the gravy train. And that means political control over budget and bank credit as well as price, priority, inventory and export controls. You can't jump out of the cost of this war just by free competition, unless you want to jump into inflation, and get a bad hang-over from your spree. We have just passed laws after a full hearing and a fair democratic fight. Now lets give them a chance to stop inflation by backing them up and by enforcing them.

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PETER DRUCKER

(Continued from page 1138)

where the only controls which we can impose politically are a definite hindrance, above all a psychological hindrance to full production and an incitement to inflationary behaviour on the part of producer and consumer. Undoubtedly we take a gamble if we entrust ourselves to free competi-

tion now that we are still in the transition from a war economy to a peace economy. I think it is a reasonable gamble with the odds ten to one in our favor—provided of course that wages don't jump again and that we have no new strike wave. I think it is possible, maybe even likely, that we are already at the peak, perhaps even over the peak of the post-war price rise. But it's a gamble none-the-less—though one we have to take. For those controls which it would be politically possible to impose or to retain today are bound to provoke a sharp inflationary rise.

The cause of our troubles is not something we can do anything about now. We are simply paying for the colossal blunder we made a year ago at the end of the shooting war when we rushed to abolish those controls without which price controls simply have never worked and can never work: wage controls, rationing and excess profits taxes. If, a year ago, we had decided to keep all these for another twelve months we would today be at or near full production, probably not too much above the price levels of 1941. Well, we didn't do it—no use asking now who is to blame or whether we could have kept the controls. But as a result price control became the only control we retained, and price control by itself is not only impotent but a positive impediment. Indeed, what is amazing is not that prices have gone up so much in the past year and that production has been so slow, but that prices have not gone up much higher and production lagged even further behind.

If, in a situation as chaotic and turbulent as the conversion from total war to peace is bound to be, you remove all other controls but keep price controls, you definitely discourage production. This is a point Mr. Mosher has covered very fully. And I have little to add except to say that it doesn't strike me as very fair to blame the OPA and its employees for attempting to carry out the job entrusted to them by law; it was not their fault that it was an impossible law.

I want tonight to stress another point that is usually overlooked. If you keep price controls alone, that is without controlling incomes through wage controls, what people spend their money on through rationing and profiteering, through excess profits taxes, you simply feed the Black Market. Worse even, you make it absolutely impossible for prices to move in any direction but UP. The ceiling price becomes automatically the minimum price. You put psychological pressure on the consumer to buy anything in sight no matter whether he needs it, no matter how high the price or how shoddy the quality. And you put equal pressure on the producer to keep his prices up and his quality down. We all know plenty of examples, the completely irrational hoarding of nylons for instance, or the totally unjustifiable recent upping of automobile dealers' discounts with the resultant increase in new-car prices. In other words price controls alone are inevitably inflationary—much more so than free competition is likely to be, especially now that we have already reached a high level of production in most industries.

Let me say again that theoretically we might be better off in the next six months if we could have a complete set of controls in operation: price controls, wage controls, rationing and excess profits taxes. Perhaps there are a few areas in which this is politically impossible. I am convinced, for instance, that a good many house wives would prefer rationing to the kind of meat, butter and egg market we lived through in the three months before the suspension of food price ceilings last June—though the abundant crop now being harvested may make food controls altogether superfluous very shortly. But on the whole, as I think all of us would agree, it is politically absolutely impossible to reimpose such a complete set of controls now. And under these circumstances free competition alone can do the trick.

$20,000,000 Australian Bonds Offered

First step in long-range refunding program. Syndicate headed by Morgan Stanley. Priced to Yield 3¼%.

The first foreign financing through regular investment banking channels since before the war, other than for the Canadian Government, was constituted by an offering Aug. 28 by the Government of the Commonwealth of Australia. The issue comprises $20,000,000 of 10-year 3¼% bonds due Aug. 1, 1956, and is priced par.

Morgan Stanley & Co. heads the nationwide group of investment banking firms which will underwrite and distribute the issue.

Net proceeds from the sale will be used to provide funds for the redemption on Oct. 1, 1946, of the approximately $18,331,000 State of New South Wales external 5% sinking fund bonds due April 1, 1958, now outstanding. The remainder of the proceeds of the loan after expenses will be used by the Commonwealth for the retirement of other U. S. dollar debt. The bonds of the new issue are to have the benefit of a sinking fund of 1% per annum payable semi-annually in cash or in bonds. Cash payments will be applied to the purchase of bonds or their redemption by lot.

While Australia's internal debt has increased since June 30, 1939, to finance its war costs, its external debt has been reduced by about £60,000,000 sterling in England and about $15,000,000 in the United States.

The Commonwealth of Australia, including the States of the Commonwealth, all of whose debt has been assumed by the Commonwealth under the financial agreement of 1927 made effective in 1929, has outstanding about $200,000,000 of bonds which were issued in the United States and payable in U. S. dollars. The new issue of bonds is the first step in the United States in a long-range program of the Commonwealth looking forward to refunding its dollar debt into lower interest bearing obligations.

The most recent financing by the Commonwealth of Australia in London was the issuance of 25-year 3¼% bonds in June, 1946, which are currently quoted at a small premium above par.

Questioned as to the possible impact on Australia's credit because of the Australian Government's increasingly socializing tendencies, an official of the underwriting syndicate discounted this on the grounds of the already long-existing nationalization and socialization in that country.

Richard Rand Active In Rand & Company

Richard N. Rand, recently resigned from B. J. Van Ingen & Co., Inc. has become an active partner in Rand & Company, formed early this year. Rand & Company, with offices at 37 Wall Street, New York City, will deal in municipal and corporate securities.

Mr. Rand was with Van Ingen since 1934. He has been in Wall Street since 1927, previously with Chase-Harris Forbes Corp. and The Guaranty Company.

Sees Inflationary Pressure in Accumulated Savings

(Continued from page 1144)

prices rise is the major factor operating to decrease current saving. The findings, however, provide no support for a conclusion that people believe that they saved enough during the war, or that they would recklessly increase their spending in relation to income after the war. An overwhelming majority indicated that saving was as important under postwar as under wartime conditions, or more so, and three-fifths of the people wanted to save as much as or more than during the war. The major motives for saving, e.g., desire for security in case of adversity or old age, desire to provide adequately for children's education, or desire to own a home, will apparently continue to be potent influences in postwar consumer saving.

Potential Buyers of Consumer Durable Goods

According to expressed intentions at the beginning of 1946, it is estimated that 4 million people desired to purchase new automobiles during this year, and 1 million people, used cars. In addition, it is estimated that almost 13 million people are prospective buyers of refrigerators, furniture, washing machines, radios and other consumer durable goods. Fully 60% of these potential buyers of cars and other durable goods had incomes of less than $3,000 in 1945. These prospective buyers held more liquid assets than non-buyers, but over 40% held less than $500 of liquid assets. Over two-fifths of the buyers were skilled or unskilled workers, while about one-third were professional, white collar, or business people.

Although the bulk of prospective buyers come from middle income groups, the proportion of buyers within income groups rises as income increases. Only 3% of the spending units making less than $1,000 a year expected to buy cars as compared to 11% in the $2,000 to $3,000 class and 28% of the people with money incomes over $5,000. In the case of potential buyers of other consumer durable goods, 14% of the under $1,000 group were potential buyers, 32% of the $2,000 to $3,000 group, and 38% of those receiving $5,000 or more.

People who planned to buy new cars in 1946 usually expected to pay between $1,000 and $1,350. Almost two-thirds of the buyers of durable goods other than cars expected to pay less than $300.

Almost all the prospective buyers of cars and other durable goods held some liquid assets, nevertheless a majority of these buyers preferred to buy durable goods out of income, either directly, or indirectly by purchase on the instalment plan. Roughly one out of every three buyers planned to use some liquid assets in payment for these goods. People holding small amounts of liquid assets, generally speaking, had a stronger preference for retaining all their liquid assets than those holding large amounts, perhaps because of a need for having a backlog of assets to meet emergencies. Only one in ten of all savings bonds holders indicated specific plans for using them to purchase durables.

Somewhat more than a third of all prospective buyers planned to use the instalment plan to finance their purchases of cars and other durable goods. For cars only, not more than 40% of prospective car buyers would use instalment financing. Prior to the war, over 60% of all car purchases were financed through the use of instalment credit.

Potential Buyers of Houses

Estimates based on survey interviews indicate that at the beginning of 1946 about 3 million people wanted to buy houses during this year. On the average, they expected to pay $5,000 for their houses; no more than one-third of prospective house buyers planned to pay over $6,000. Very likely a large proportion of the desired purchases of new houses will not be realized. It is also probable that the typical purchase price paid for new and old houses will substantially exceed $5,000. In terms of liquid asset holdings and income groups, prospective buyers of houses had characteristics very similar to those of prospective buyers of consumer durable goods. About 60% of house buyers had incomes of less than $3,000, and roughly 85% held some liquid assets.

As would be expected, prospective house buyers seldom intended to pay all cash. Three-fourths indicated they would borrow all or part of the total purchase price. About half the prospective buyers having liquid assets expected to use some of those assets to buy houses.

Changes in the Pattern of Income Distribution During the War Years

People's expectations to spend or to save are dominated by their income status. Comparison of the National Liquid Assets Survey data on income and saving with roughly comparable data for prewar periods indicates that significant changes have occurred in the pattern of income and saving. There was a general shifting of spending units from lower to higher income groups and a large decrease in the proportion of total saving accounted for by the highest income recipients.

Whereas about a half of all spending units received incomes under $1,000 in 1935-36, the proportion of spending units in this income class declined to one-third in 1941 and to one-fifth in 1945. Almost half the spending units had annual money incomes before taxes of $2,000 to $5,000 in 1945. This group received in the neighborhood of $70 billions in income during 1945, and amount greater than the total income of all spending units in the 1935-36 period. The substantial numbers of spending units now within the broad middle income class of $2,000 to $5,000 undoubtedly has made for significant increases in the demand for both non-durable and durable consumer goods. However, these money income changes do not take into account the price increases during the war period. Many consumer units shifting to higher income classes may not have improved their living conditions materially.

Reflecting the large increases in income as well as the scarcities of consumer goods and the saving incentives for carrying out the war program, there was a very marked increase in consumer saving during the war years. The bulk of this increase was accounted for by middle income classes which had previously saved but a small proportion of the total for all spending units. Whereas the top 15% of income recipients accounted for over 100% of net savings in 1935-36 (part an offset to the substantial dissavings of some of the other income recipients) and about 85% of net savings in 1941, the proportion of total net savings accounted for by the corresponding group in 1945 dropped to 50% of the total. High income taxes for the upper brackets undoubtedly were a major factor contributing to this decline. Although no conclusive data are available for pre-war years it is very probable that liquid asset holdings, which represent accumulated savings, have shown the same tendency to be less concentrated in the hands of top income recipients.

General Conclusions

The following general conclusions have been drawn from the major findings of the three reports on the National Liquid Assets Survey:

1. Current buying will be paid for primarily out of current income.
2. The use of instalment credit, an indirect method of buying from current income, will be substantial during this year.
3. Strong inflationary pressures will continue in the consumer goods markets. The present demand for consumer goods, largely made possible by current income plus the additional purchasing power created by the availability of borrowing and the spending of liquid assets, will continue to exceed production, particularly in those industries not yet able to operate at top capacity.
4. The demand for consumer durable goods in addition to the increase in prices of cost-of-living articles will result in savings far below 1945 levels and in a large reduction in the rate of liquid assets accumulation during 1946.
5. Transfer of liquid assets to other forms of investments by people holding the largest amounts of liquid assets could exert considerable inflationary pressure in the real estate market and the markets for securities other than government.
6. The sum of $10 to $15 billions the estimated volume of liquid assets that might be used for various purposes in 1946, is a significant inflationary magnitude. Some allowance must be made for the non-inflationary character of some consumer savings that will be invested during 1946 in liquid assets. Even when allowance is made for the offsetting effects of such savings, it would appear that the likely use of individual liquid asset holdings during this year constitutes a serious current inflationary pressure. And in assessing its full inflationary force, account must be taken of additions to consumer purchasing through borrowing.
7. The liquid assets held by the majority of people can not be considered a reserve fund large enough for carrying on regular living expenditures in the event of drastic changes in income.

Wm. Dorroh With Wm. R. Staats Co.

LOS ANGELES, CALIF. — Announcement is made of the association of William "Bud" Dorroh with William R. Staats Co., 640 South Spring Street, Members of the Los Angeles Stock Exchange, as Assistant Manager of the Corporate Trading Department. Mr. Dorroh was for six years associated with the Los Angeles office of Blyth & Co., Inc., and prior to that time was with the firm's San Francisco office for a period of seven years.

Gann Heads Dept. at Sulzbacher, Granger

John L. Gann, former Army Captain, is now manager of the new business department of Sulzbacher, Granger & Co., 111 Broadway, New York City, members of the New York Stock Exchange. Mr. Gann was formerly associated with W. D. Gann & Son, Inc., investment advisers.

War Profiteering

(Continued from page 1139)

sibly less sensational, new and more terrible weapons, make us realize that the next war, if it comes, will cause the havoc and devastation of this war to pale into insignificance in comparison.

This knowledge should cause us and all the peoples of the world to place as the number one objective on the agenda of all governments at all times the achievements of a permanent and just peace. We in America now know that we have a real and direct interest in the affairs of the world, and that we must, in our own national interest, constantly—year in and year out—cause our great influence and our vast power to be felt in solving problems elsewhere in the world, so as to avoid the friction between nations which leads to war.

The United States has never sought war, but twice in this century it has been forced to wage war as the only alternative to submission to foreign aggression which threatened our ideals, our principles and event our national existence.

Cannot Neglect our Defenses

We cannot neglect our defenses. We cannot as yet rely either upon a world organization now in its infancy or upon the self-restraint of other nations. A weak America is not a contribution to the peace of the world; a weak America is an invitation to aggressors. Under present-day conditions, the best assurance that we will be permitted to remain at peace will be the knowledge by all possible foreign aggressors that we intend to defend ourselves and that we are fully capable of doing so.

The Committee believes that this period at the close of the war should be utilized to develop sound principles of national defense while the facts and experiences of World War II are fresh in our minds. For that purpose, the Committee has launched an investigation into war profiteering for the purpose of ascertaining weaknesses and deficiencies in procurement practices during the war, so that sound financial policies and practices can be established for future procurement for national defense. We may not have, in the event of another emergency, a lapse of time from the outbreak of war until we are required to play our part in it. Pearl Harbor should not be forgotten. There may be no warning. We cannot, as we did in World War I and World War II, depend upon allies to hold the aggressor from our shores while we arouse ourselves from peacetime pursuits and convert to war production.

The keynote of our peacetime national defense policies should be intelligence, alertness and competence in maintaining those agencies necessary to guarantee that our shores and our vital national interests are at all times adequately protected. It is perfectly obvious that merely an army and navy of impressive size will not meet these requirements. We must make certain that we are not out-distanced in new scientific developments. We must make sure that the raw materials and the production facilities required in an expanded production for full-scale national defense are at all times available. We must perfect and develop the administrative rules and techniques which can most certainly achieve the fullest mobilization of our industrial and military power when an emergency might suddenly require it. Of this latter class of activities, sound principles of procurement of war material are in the vanguard.

During World War II, the emphasis was upon speed in production. We did not have time to quibble over formalities. Congress delegated to the executive agencies extremely broad authority over procurement of material and over production controls. Peacetime safeguards governing the expenditure of public funds were removed and extremely broad latitude was given to administrative agencies under the War Powers Acts. I think we all realized that there would be some who would take advantage of the authority and the freedom from review which Congress delegated to administrative officials. The Committee of which I have the honor to be Chairman was set up for the express purpose of constituting a rather flexible check on the exercise of these broad powers and the expenditure of huge lump-sum appropriations. Instances where individuals have given in to the temptation to use their power to their own advantage and to the detriment of the country's interests have already been brought to light. Others will be in the future. It was inevitable that here would be wrong-doing. That wrong-doing should not be condoned. We owe it to the great majority of our citizens, and especially those in the armed forces, who suffered and sacrificed for the good of all during the war, not to permit the few to get away with self-aggrandizement during a time of crisis.

Defense Program Not Shot Through With Rottenness

There is a tendency to gain the impression from the sensational instances of greed and graft that the whole war effort has been shot through with rottenness and corruption. That is particularly true of one in my position, where, by the very nature of our mandate from the Senate, we are concentrating upon the failures, the mistakes, the extravagance, the waste, the dishonesty and the stupidity in the war effort, but it is perfectly obvious to anyone that final victory could not have been achieved unless our economy and our governmental agencies were essentially sound and patriotic. This fact seems so obvious to me that I even hesitate to call attention to it. Although the Committee, throughout the course of its existence, has, of necessity, been critical, it has frequently and repeatedly called attention to the magnificent production record of American labor, of American industry and to the procurement and control record of the armed services and the wartime agencies.

The Committee has never sought to be purely destructive in its criticism. It owes its success to the fact that it has sought to be fair and that it has concenrated its attention in those fields where corrective action would speed and improve the war effort.

Investigations of War Profiteering

The Committee has just recently completed a series of public hearings on its first postwar investigation of war profiteering. As a result of the widespread publicity given to the Garsson munitions companies—the Erie Basin Metal Products, Inc., Batavia Metal Products, Inc., and affiliated and subsidiary corporations and partnerships—the Committee has been deluged with requests that other instances of alleged war profiteering be examined. These requests and other cases are now being scrutinized by the Committee staff and preliminary investigations are under way. No further specific cases will be announced as being subjected to the Committee's examination until the Committee is ready to announce public hearings with respect to such cases.

It is perfectly obvious that with the tremendous amount of war procurement which I have said amounted to over $315 billions and with the extremely wide latitude that was granted procurement officials during the war, a great many instances of improper practices to the detriment of the taxpayers of the country and to the detriment of the war effort have occurred. The Committee has only scratched the surface. For that reason, it would be presumptuous on my part to announce even my own personal conclusions as to deficiencies and weaknesses in our procurement system during World War II. However, it seems clear to me that the Garsson case has established clearly one fundamental principle: and that is that the human element cannot be ignored and that no matter how excellent our laws and our procurement regulations and practices may be, it still takes human beings to execute them.

Instance after instance of improper financial practices, loss after loss to the taxpayers, delays and dislocations to important production programs, all would have been avoided if our procurement officials had dealt with responsible, reputable manufacturers, both large and small, rather than a group of individuals whose records, even upon the most cursory inquiry, would have shown them to be unreliable. It seems clear to me that the Chemical Warfare Service of the War Department never should have done business with the Garssons in the first place. If they had made even the normal investigation that any business concern would make before extending a million-dollar line of credit and before entrusting an important production program to them, the whole Garsson case would never have happened.

We all know the searching examination to which employees of war plants who would have access to secret weapons and secret production methods were subjected. The Federal Bureau of Investigation and the Army and the Navy Intelligence were on the alert to prevent sabotage. Why was not such an investigation made of the Garssons before they were awarded a three million dollar contract? Can it be that only the lowly workman was thought to be capable of sabotage, but that the manager of the enterprise was not? Does this not constitute a deficiency in war procurement practices which should be corrected?

It is my hope that in its study of war profiteering the Committee will be able to find a system which is sufficiently flexible to permit speed and discretion in war procurement, but, which, at the same time, will prevent a losse and careless handling of public funds. Certainly we can insist upon the Government being businesslike in war procurement.

The Garsson Case

On January 30, 1942, when Henry Garsson obtained from the Chemical Warfare Service a letter of intent for the manufacture of 4.2 mortar shells, business in this country was in the process of conversion from peacetime production to war production. Many small businesses had been ordered to discontinue production of peacetime civilian-type products. Mr. A. B. Gellman testified before the Committee that the occasion of his meeting Dr. Henry Garsson was the fact that he was in Washington looking for war business for a small factory which he, together withh is brother-in-law, Joseph T. Weiss, had just recently acquired. He testified about the difficulty which he had in obtaining war contracts. His plight was similar to that of numerous small businessmen. Many small businessmen who had not just recently acquired plants, but who had plants for years, but because of war conditions had been forced to discontinue their line of production, were seeking business from the Government. Garsson knew the ropes. Garsson got the contract from the Chemical Warfare Service which Gellman could not have gotten. Gellman's experience in not getting business by himself was repeated time and time again. The outcry of small businessmen became so great that the Senate established a special investigating committee to study the problems of small business, of which committee I have the honor to be a member, and Congress insisted upon the creation of the Smaller War Plants Corporation.

In my opinion, this graphically illustrates a failure in our Nation's security program. Our procurement agencies should have been so organized and so staffed that any of our citizens possessing the requisite facilities and manufacturing capacity could obtain war contracts without the intervention of brokers and middlemen who had special "ins" in the departments. This failure resulted in a delay in conversion to war production, the results of which it is impossible to calculate. This lack in our procurement agencies permitted men like Garsson and men like Corrigan and his former associates in the Engineering Group to flourish in the business of peddling war contracts — contracts which should have been available to any citizen without broker or middleman.

All this points to a peacetime tendency to forget about the sordid business of war and to devote our energies to the problems currently engaging our attention. This leads me to comment on the matter of obtaining special favors in war contracts from Government officials generally. A democratic government must be based upon the proposition that all citizens have equal opportunity. When there is a special class which has an entree into Government departments and can obtain special treatment by the Government which is denied to other citizens, we do not have what I believe to be a democratic form of procurement. Every citizen should be able to do business with his Government on an equal basis. Again the Garsson case is an illustration of preferential treatment and special favors. The resentment against Batavia Metal Products, Inc., and Erie Basin Metal Products, Inc., among other manufacturers in the Fox River Valley in Illinois, where these two concerns were located, is precisely attributable to the fact that the Garssons claimed that if they did not get what they wanted locally, they could go to Washington and there, on a higher level, obtain what they wanted, and, if necessary, to overrule local decisions. This is an aspect of war procurement of which we cannot be proud. When Garsson did not get the contracts that he wanted, he brought pressure to bear at the very highest levels in Congress and in the War Department in an endeavor, not to obtain fair treatment, but to obtain preferential treatment. When Garsson needed manpower at a time when manpower meant more business, he ignored the local manpower authorities, went over their heads, and exterted influence in the highest levels to obtain his ends. When Garsson wanted an "E" award for the Batavia Metal Products, Inc., he ignored and circumvented the local district of the Ordnance Department of the Army, who were of the opinion that the Batavia Metal Products, Inc., was not entitled to an "E" award, and he went directly to the War Department to secure a reversal of the decision of the local officials. When the Government, in renegotiation, sought to revover from Erie Basin Metal Products, Inc., excessive profits and took the unusual step of freezing funds due from Government to Erie Basin Metal Products, Inc., to protect itself, Garsson was able to bring pressure to bear to have the funds partially unfrozen. When the question of a termination settlement claim of Batavia Metal Products, Inc., was under consideration, Garsson again had access to the highest levels of the Chemical Warfare Service to obtain a more favorable settlement than would have been accorded to the ordinary contractor. As a result, the Batavia Metal Products, Inc., has been overpaid approximately one million dollars in its termination settlement.

Committee Stands Firm

I am proud to be able to say that when Garsson's associates attempted to exert pressure on our Committee, when it was investigating the affairs of his various enterprises, his efforts were thwarted and actually contributed to his undoing.

In a crisis such as that through which our country has just recently passed most of us common citizens fail to understand the psychology of the Garssons. Most of our citizens were since in their belief that we were engaged in a struggle for our very existence and for all those ideals in government which we believe worthwhile. It never occurred to us as we waited for news from our loved ones on the battlefronts, as we bought war bonds, as we donated blood, as we stood in line for ration tickets, as we sacrificed in hundreds of ways as good sports and as patriotic citizens, that there were others who were using the desperate crisis in which our country found itself to profit and grow rich. While our sons and daughters were undergoings severe discomfort; disruption of their careers and even exposure to the risk of death in foreign lands, it galls me to think that others, with different motives, were lining their pockets.

In sofar as I have any influence, the Special Senate Committee Investigating the National Defense Program will not conclude its efforts until it has exposed those whose level of patriotism was so low that they could find time to draw unearned money out of the public treasury into their own purses, while the Nation's very existence was at stake.

Air Mail to Germany

Postmaster Albert Goldman announced on Aug. 19 that effective Aug. 28 letters and postcards addressed to Germany, bearing postage at the rate of 30 cents per half ounce each and conforming in other respects to Post Office requirements, will be dispatched by air to that country but no provision has been made for return airmail service from Germany to the United States. Philatelic treatment will be provided for covers carried by the first airmail flight from New York to Berlin, Germany, by F. A. M., Route 24, operated by American Overseas Airlines, expected to depart Aug. 28, 1946. The Post Office advices added, in part:

"A special cachet will be applied to all covers sent to the Postmaster or specially handed in to the Post Office of New York, bearing the required postage and addressed for delivery in Germany. Such covers will be sent by the first flight, and the Department has received assurance that they will be backstamped at Berlin.

"Covers must not exceed one ounce in weight. Envelopes may not have innerlinings, and may contain no enclosures other than plain fillers or messages of a personal or family nature. Envelopes must not bear any markings other than the names and addresses of the sender and addressee."

Simon Randolph in N. Y. C.

Simon Randolph is engaging in the investment business from offices at 128 Central Park South. Mr. Randolph was formerly with Pyne, Kendall & Hollister.

Observations

(Continued from page 1137)

extremes of M. Vishniky's continuing objections to specialized sub-commissions to handle its technical details; and now Molotov's vitriolic and lengthy diatribes in opposition to Australia's perfectly logical and harmless proposal for placing the knotty and infinitely technical reparations problems before a permanent Inter-Allied Commission.

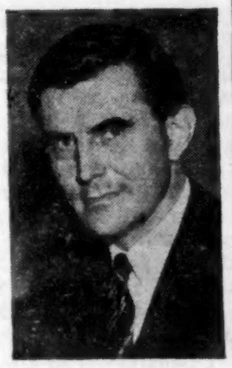
Again, the new absurd Yugoslav demand for huge reparations from Italy represents another *political* maneuver masked in so-called "economic" garb. Tito's (that is, Moscow's) claim for $1,300,000,000 is no less than 13 times the amount which Russia in her own name was able to wangle from the Big Four after weeks of bitter controversy on the same point. It actually even exceeds the large total which Russia herself is trying to get from all five of the former enemy countries. This intensive economic war of nerves is being so persistently waged against these nations by the "Eastern Powers" for no other purpose than for securing permanent domination over them—after the Red Army shall finally have pulled out from its military occupations.

Even the politically-dynamited Trieste situation has highly important economic phases. For an independent Trieste must have a monetary and financial system, and a means of financing a deficit in its international accounts. Only to the extent that its currency is independent will its foreign trade and internal budget remain free from outside control. The Yugoslavs are already demanding that the territory be entirely affiliated with their economy in the customs as well as the currency spheres; and that all economic ties with Italy be severed.

* * *

Miniature Warfare Brewing in the Economic and Social Council

The Economic and Social Council could very well be dubbed the "just-in-case" agency of the United Nations. That is, with its many subdivisions and ramified activities, it is punctiliously going through the most exacting procedural motions toward its noble ends—all based on the uncertain premise that political peace will somehow be maintained in Paris or by the Security Council in Lake Success.



John G. Winant

John G. Winant, U. S. representative on the Council, in a voluminous report to the Secretary of State just made public, emphasizes the "gaps" which have been bridged by negotiation and compromise. But while it would assuredly be pleasant to become gratified over the absence of crucial rows in this sector of UN, it must be remembered that this Council's pursuance of lofty aims, and its expressions of high ideals regarding such matters as human rights and universal prosperity, have thus far entailed little sovereign obligation, and have steered clear of actual enforcement decisions.

Even so, the Economic and Social Council meeting about to convene in Long Island within a fortnight, already promises to run afoul of the Moscow obstructionist tactics. For her obeisant Yugoslavian delegate has inexplicably filed a complaint with this body regarding the Danube shipping situation. The claim is that the United States is stealing a large number of former Axis ships, which rightfully belong to the Yugoslavs. Why this matter, which obviously is loaded with dynamite, has been taken to the Economic rather than to the Security Council is incomprehensible, excepting as explained by the new Red technique of fighting for political ends under the camouflage of a more palatable economic war of nerves. This new attack on the United States is no doubt premised on Russia's increasingly revealed aim to dominate not only the future economies of the Danubian States and Italy, but the international trade of the entire world. As will significantly be remembered, M. Molotov last week bitterly attacked the principle of international economic opportunity as a sinister means of capitalistic enslavement by the Western Powers.

* * *

We Modernize Our Diplomatic Corps

The recently enacted Foreign Service Act of 1946 accomplishes long-overdue and badly needed reform of our representation abroad. The revision of the salary scale goes far toward furthering the civil service nature of our foreign service, and reducing the element of the political handout. It constructively frees our government from the necessity of making independent wealth the wholly irrational determinant of who shall be our Ambassadors and Ministers.

Under a law of 1855 the pay of our Ambassadors had been limited to $17,500 and our Ministers to $10,000—with wholly inadequate allowances to cover their unavoidable heavy expenses for social obligations. Under the new law, Ambassadorial and Ministerial salaries are hiked to range from $15,000 to $25,000, plus additional "representation" allowances of $5,000 to $25,000, plus some already-existing extra-curricular allowances. Thus Mr. Harriman and his successors at the Court of St. James's will be provided with adequate annual sustenance of about $60,000.

Our current controversy with Yugoslavia highlights the great potential danger inherent in not having professional diplomats, particularly in view of the world's permanent state of crisis. For it is only by the greatest luck that an "amateur" with the instinctive abilities of Ambassador Richard C. Patterson, Jr., holds the post at Belgrade. A former construction engineer, Commerce Department official, radio and moving picture executive, and War Bond sales-manager, Mr. Patterson previously turned down the Ministerial representation to Canada offered to him for services rendered to President Roosevelt. Had he gone to Ottawa, some one even more inexperienced, and without his compensating effective personality, might be carrying the American torch to Tito.

Must We Have a Postwar Depression?

(Continued from page 1135)

the prices and costs of similar goods in the pre-war years.

In spite of the differences from other post-war periods, the period immediately ahead has many similarities to the conditions out of which intermediate depressions emerged following past wars. A brief comparison of some of the similarities and differences existing at the present time with 1919-20 may be suggestive.

Comparison With Postwar World War I

After World War I, a sharp rise in prices was followed by an extreme decline in prices. These declining prices turned inventory profits into losses. Banks called their loans on inventory and restricted new loans. Hand-to-mouth buying developed among manufacturers, merchants and consumers. Buyers' strikes were common. Foreign countries restricted their buying of American consumer goods and set about to supply their own needs which they were able to do with one or two good harvests. There was a scarcity of producers goods but this did not restrain the oncoming depression because raw materials were high and scarce and the costs of producers' goods were out of balance with the price of consumer goods, after the decline in prices of 1920 got under way.

The Second World War has been over now for more than 15 months and what conditions have we now that could be compared with 1919-1920? A cursory observation will indicate that prices have risen sharply since the end of the war. Food prices have probably had the sharpest increase in any post-war history during the summer of 1946. Buyers' resistance is already being noted. Building is bogged down because of high costs. The shortage of materials and labor difficulties have slowed down the motor car industry until the industry as a whole will probably not break even for the year 1946. The railroads are restrained in their buying because of the large increase in their costs of operation with no comparable increase in rates. Foreign buying is considerable as a result of loans to foreign countries, but our increase in prices and shortages of manufactured goods and machinery make it impossible to supply foreign demands. While in many lines of food supplies and soft goods such as textiles, foreign countries will soon be able to supply themselves. The chief limiting factor will be machinery.

The fear of inflation has led the Federal Reserve Board to take steps toward curbing the use of credit. The expansion of installment credits has been restrained by requiring larger down-payments and shortening the period for the completion of payments. Now the Reserve Banks further propose to tighten credit by raising bank reserves and regulating the purchase of government bonds and Treasury certificates by the member banks. Many months ago, loans for speculation in the securities market were limited. New borrowing is prohibited. Speculators cannot switch from one security to another on collateral loans. Farmers have been warned against buying lands at these high prices.

Hand-to-mouth buying is again developing. It has already started among consumers. Inventories are low in many lines but both merchants and manufacturers are cautious.

Producers goods are scarce and there is a great shortage of capital to make up for the losses resulting from the war. Raw material in many lines is not available; prices and costs are so high that any decline in the price of consumer goods will undermine the purchase and fabrication of producers goods and machines at present prices. The market for our manufactured goods abroad may be limited in the near future by the further industrialization of foreign countries.

After World War I, the United States took a leading part in aiding foreign countries to stabilize their currency and return to the gold standard. Little progress was made with this effort before the depression of 1920-1922. To what extent the instability of the exchanges was a major factor causing the depression, is only a matter of speculation.

At the present time, however, the United States and other countries have joined in a united effort to stabilize the currencies through a World International Fund. The principal purpose of this fund is to establish a system of exchanges that will be relatively stable. Little progress has been made, however, up to the present time and it will undoubtedly require a few years to get this institution working smoothly after the ground work has been laid and each country has found a sound basis for its currency.

The intermediate depression following World War I was blamed upon inflated prices which collapsed; excessive inventories which brought on huge losses; the derangement of monetary exchanges and inability of foreign peoples to buy the things they needed, and the general credit deflation that accompanied these trends.

No Frozen Inventories

At the present time, we find prices throughout the world very high and in the United States prices are still rising. Inventories in many lines are not a factor but with the promise of excellent crops throughout the world, raw material supplies should soon put an end to this scarcity; the deflation of credit is in progress as evidenced by the raising of the money values of Canada and Sweden and restrictive credit policies adopted by the Federal Reserve Banks. Inflation of money and credit during World War II was so much more excessive than during World War I, that a great deal of deflation can take place and it seems that the world will still be over-supplied with inflated currency and credit, relative to the needs of any volume of business in sight at present prices.

While there are plenty of differences in the present business conditions from those of 1920, there are still enough similarities to justify the comparison.

Can we avoid the inroads of depression and readjustment for a year or two similar to that which has followed previous wars, or is a depression inevitable to bring about a deflation of costs and prices and restore equilibrium between the costs of production and the consumers' ability to buy?

Can the maladjustments be ironed out and depression avoided?

The great increase in wages and prices has not reached all classes of workers and consumers. Perhaps not over 25% of wage earners have benefited by the large increase in wages since the war. The other 75% of wage earners must get along by reducing their buying. Most small businesses cannot pay the wages demanded by the 25% who have gained the large increase in wages. Government wages and prices cannot be paid by small producers who must sell at the prices most consumers can pay. A very good example is found in house building among small community contractors. In most instances the present prices of materials and wages increase the costs of building far above the prices that those who need homes can pay. These costs and prices result from increased wages and taxes in all steps of production.

Can prices be brought down by volume and increased efficiency? The present shortages of materials and skilled labor effectively prevent both volume and increased efficiency in production and marketing. What is the answer? Costs and prices must be pushed down where the mass of consumers can buy. How can it be done? It seems to me the first step must come through a reduction in government costs and prices, and a reduction of taxes all along the line. Government wages and prices for materials for government purposes should be the minimum. Then taxes should be reduced to lessen the burden of costs on production. Wages should be put on an efficiency and productivity basis.

Unless costs and prices are reduced the producers will find that the market for mass production is much smaller than expected, both in the domestic and foreign markets.

Men in business, government, banking and labor organizations know the benefits of cost and price stability, and the threatening dangers of the present cost-price spiral. If they could be locked in one room until they came to an agreement on what to do for the best interests of the whole society, the answer would probably be as workable as any that can be made, if every one would follow it or if most leading groups would follow it. But who would follow it? One man or men representing one group can not solve these problems alone.

Perhaps the best that can be done is for each to go his own way for the best interests of his own business and his own personal fortune and adjust his plans accordingly.

How far ahead can you see? To succeed you must be able to forecast accurately and manage your business accordingly.

Borrowings on NYSE Lower in July

The New York Stock Exchange announced on Aug. 2 that borrowings reported by member firms as of the close of business July 31 aggregated $598,394,909 as compared with the figures of $732,064,279 on June 28. Details as given by the Exchange follow:

The total of money borrowed from banks, trust companies and other lenders in the United States, excluding borrowings from other members of national securities exchanges, (1) on direct obligations of or obligations guaranteed as to principal or interest by the United States Government, $241,957,420 (2) on all other collateral, $356,437,489 reported by New York Stock Exchange Member Firms as of the close of business July 31, 1946 aggregated $598,394,909.

The total of money borrowed, compiled on the same basis, as of the close of business June 28, 1946, was (1) of direct obligations of or obligations guaranteed as to principal or interest by the United States Government $341,506,639 (2) on all other collateral $390,557,640*. Total $732,064,279*.

*Revised.

Business Ready For a Busy Fall Season

(Continued from page 1136)

and services is best indicated by the volume of retail sales. Throughout all this year people have been buying from 25 to 30% more goods than they did during the corresponding months of last year when retail trade was unusually high. Some of the increase was due to higher prices and to the larger percentage of sales in the more expensive items, but a considerable part of it was in increased quantities of goods sold. Sales have held up during the summer much better than usual and no significant signs have yet appeared that any marked falling off is in sight.

Gains over prewar levels are just as striking as the increases during the last year. The dollar volume of department store sales is almost three times that of the average during the five prewar years. It is almost two and one-half times the 1941 level. In some lines the increases have been even greater. Jewelry stores are selling more than four times more than in the prewar years. The increase in the sales of eating and drinking places was even greater and most of that increase has been held although sales have recently declined some. Sales in stores handling durable goods have been lagging due to small stocks on hand, but they are rapidly rising in many places and are already higher than in the best of the prewar years.

Demand from industry for raw materials, equipment, and machinery is also large although much less than when factories were being equipped rapidly for war production. The industries making machinery and machine tools have been expanding their operations in response to this demand and the unfilled orders are large enough to keep their factories operating at current levels for many months. New orders for machinery are being received by manufacturers at a rate three times the 1939 level while those for other durable goods have more than doubled.

Demand for goods to be shipped abroad has declined considerably from the wartime peak but exports so far this year have been running about double the prewar level. The total for the entire year is expected to reach at least $10,000,000,000. The large loans granted to foreign countries will still further increase the demand, although shipments of food abroad for relief will be somewhat less than the large amounts that have been sent this year.

Employment at Peak

More people are working than ever before and the suggested goal of full employment has been reached, at least temperarily, much sooner than was generally expected. Civilian employment has risen from the low point of around 51,000,000 in the latter part of last year to the present level of over 58,000,000. Unemployment is lower than in any other peacetime year and in some areas not enough workers are available to meet the needs of production. Some increases in the number of hours worked may be required even though it does involve added costs due to overtime rates of pay.

The shifts in employment during the last year have been striking and much greater than usual. The number of workers in manufacturing has declined about 2,000,000 during the last 12 months. Nearly all the drop has been in the durable-goods industries in which most of the war production was concentrated. Factories producing non-durable goods have been adding to their working forces as rapidly as materials for civilian production have become available. The textile industry, for example, has added over 120,000 workers but even this additional number has not yet been able to produce enough to meet the exceptional demands from consumers for clothing.

The decline in employment in manufacturing has been more than offset by the increases of about 2,000,000 in trade and service lines, gains of over 1,000,000 in construction, and similar additions in a number of miscellaneous lines. Over 250,000 new businesses have been established and additional companies continue to be organized at a high rate.

Not only has employment increased but also the rates of pay are higher. In manufacturing average hourly earnings have risen 7% during the last year and in many industries the increases have been much greater. The hourly earnings are more than 50% greater than in 1941, although because of the fewer number of hours worked and the reduction in overtime payments, total weekly earnings have declined during the last year, but remain over 50% higher than prewar.

Changes in rates of pay are significant because they indicate the labor costs under which industry must operate. Unless they are offset by increases in productivity the selling prices of the goods produced must be raised to cover the additional expenses. Changes in weekly earnings are significant because when considered with the number of persons working they indicate something as to the purchasing power which is being put into the hands of the consumers in order to buy the goods that are produced. One of the major problems of management and labor is to find the proper balance between wage rates as costs and total wages as purchasing power. Whenever either gets out of line, industry will be slowed down and general business will decline.

Another important comparison is that between the number of persons at work and the total output of goods and services. Employment has reached a new peak, but total income payments which quite closely measure production and trade of all kinds have not advanced so much. Part of the difference is due to fewer hours worked and some part-time employment but much of it reflects a somewhat lower productivity. In some lines of manufacturing that reduced efficiency is very marked, as a larger number of workers are needed to turn out each unit of product than in previous years. A major problem for labor and for management during the coming months is to find ways by which productivity can be increased and more goods turned out for each hour of labor.

Industrial Production Rising

Steadily increasing output of industry is the main characteristic of the current business situation. Since the low point of the postwar recession in February, industrial production as indicated by the index prepared by the Federal Reserve Board has risen a little more than 4% a month in spite of strikes and other interruptions. The rise has brought the index to within 15% of the level at the end of the war and about 30% below the wartime peak.

The situation is much better in many lines of industry for output in several is higher than it was a year ago. Among the lines which have reached last year's output are coal production, electricity, carloadings, cotton consumption by mills, lumber and building materials. Although current output in these lines is high, not all the losses of the early part of the year can be made up. One of the lines which is lagging most is the automobile industry which has been able to produce this year only about 30% of the cars and trucks which were planned. Output in this industry is rising, however, in spite of shortages of parts and supplies. The last quarter is expected to be the best of the year.

Material Shortages Hamper Production

For many industries lack of materials continues to hinder operations and to keep output from rising as rapidly as it should. This condition is the fourth major characteristic of the current situation. The effect of it cannot be measured very definitely because the lack of even a very small part of the finished product can stall production. A rough indication of the effect is the rapid rise in the inventories of semi-finished goods which rose 20% in a single month, the largest rise on record. In contrast to this change has been the decline in the holdings of raw materials by manufacturers which have dropped to the lowest amount since January, 1942.

Production of several basic materials, especially copper, lead, and zinc have been much reduced by strikes in the mines and in the refineries. Some of the reduction has been offset by imports but supplies are still far below demand. The steel mills are operating at close to last year's level but output so far this year has been over 10,000,000 tons short of that produced during the corresponding period in 1945. The steel industry is being handicapped to an increasing degree by the shortage of scrap and pig iron.

Limited supplies of other basic materials have tended to slow down production in some lines and the situation in several of them will remain tight for several months. More than 20 items are still being rigidly controlled under direct allocation to the factories where they are most needed.

Transportation facilities are being strained to meet the demand for the movement of freight. The shortage has already been marked in the supply of box cars to move the large crops of grains and may become even more disturbing at the time of the usual fall peak demand in October and November. The railroads have 49,000 freight cars on order as compared with 33,000 a year ago but not many of them will be completed in time for the peak demand. During the first seven months of this year only 22,000 new freight cars were put in service on the Class I railroads as compared with 25,000 during the corresponding period last year.

Other shortages affect the public even more directly than these in the industrial field. One of the most strongly felt shortages is that of housing, although contracts awarded weekly and building permits issued are more than double those of last year. The supply is still far short of the demand, however, for many of the new homes cannot be completed because certain relatively small but significant items are missing.

Clothing supplies are still far below demand, but production is being speeded up. Some household supplies, furnishings and furniture are hard to get promptly and the production of home appliances is lagging behind demand. Radios are becoming more plentiful and the supply of automobile tires is expected soon to be sufficient to meet at least the most urgent needs. Even after one year of civilian production, much remains to be done in order to make up the backlog of orders as well as take care of current consumption. While scarcities are inconvenient for the consumer they indicate that the market for the products of industry will remain large for many months and will be enough to sustain a high rate of operations for some time.

Proper Balance Needed

The central problem of industry during the coming months will be that of keeping the proper balance between this large demand and the scarce materials, labor, transportation as well as other factors that are needed to maintain a smoothly operating economic machine. When that balance is achieved and maintained, the maximum volume of goods and services will be turned out. As conditions become more nearly stabilized, the bottlenecks can be more quickly spotted and eliminated before they disrupt production too much. A more realistic and better-administered price policy will do much to make possible the production of the goods which are most needed. Freedom from interruptions due to disputes will also be a most constructive change that will mean larger production.

The shift from war to peace has been disturbing, although not much more so than was expected. Many of the readjustments have been cleared away and the field is more nearly open to future advances than has been the situation in the past. Unless unexpected disturbances again interfere with output, further expansion can be expected until such time as shortages no longer exist and surpluses begin to appear.

The Uusual Postwar Pattern

An excellent guide to the future is the past. History does not always repeat itself in exactly the same forms but sometimes the similarities between different periods are enough to make an examination of them useful. The trends of the last year have been so strikingly like those of other times as to indicate that future trends may also compare fairly closely with what has taken place before.

Conditions at the ends of major wars have varied considerably, but changes in business activity and industrial production have consistently followed a quite uniform pattern. After the spring of 1815, of 1865, and again after November 1918, business hesitated for several months. Both production and prices declined for many weeks and by several per cent. Although war production in previous wars did not take up nearly so large a portion of total industrial output as it did from 1943 to 1945, the shift away from war output resulted in considerable slowing down of manufacturing. The drop during the last part of last year and the first few months of this year was somewhat greater than after other wars but the general trend was the same.

The short period of hesitation has laways been followed by a replacement boom which began from six to eight months after hostilities stopped. Business expansion then continued for more than a year. Apparently we are now in that replacement period which as yet shows no signs of ending soon. Not only did production increase but also prices went high. In 1919, for example, they rose more rapidly than they did during the period of active fighting, just as they have been during recent months, and especially since June. Supplies of goods did not increase as rapidly as consumer demand in 1919 and the removal of even the relatively mild price controls was followed by substantial increases. The public was able and willing to buy at the higher prices and competition among these buyers boosted prices still higher. Regardless of price controls the tendency has been the same this year and will continue even while attempts are being made to hold down prices artificially.

The next period in the postwar pattern of business and production comes after the most urgent civilian shortages have been made up. Then consumer psychology has changed and after much of the wartime savings have been used, the reduction in purchasing resulted in a sharp depression which lasted almost two years. The replacement boom in 1919 was shorter than was the similar ones during the preceding postwar periods and the recession was also somewhat shorter.

The first postwar depression in each instance was followed by a period of expanding business and general prosperity which lasted many years and during which even the wartime peaks were surpassed. The depressions which followed wars after about ten years were due more to the maladjustments which had accompanied prosperity than to the preceding war disturbances although the far-reaching effects of wars do last for a long time.

Historical precedent is not an infallible guide for the future, but it does provide a most useful starting point in any attempt to forecast what is likely to take place during the next few months and years. The usual trends will be modified by special conditions, both favorable and unfavorable which now prevail. In broad outline, however, the pattern can be expected to show many similarities to previous periods.

Essentials for High Production

Although the future rate of production and business activity can not be estimated with a high degree of accuracy, much can be stated definitely about the essential conditions for the maximum output of goods and services. Insofar as these conditions and similar ones suggested by them are maintained trends will be favorable.

The first condition is an adequate market with buyers able and willing to buy whatever is produced. Purchasing power is the fuel which runs the economic system. It cannot be built up or maintained artifically for any extended period. To be soundly provided it should come as the result of a smoothly functioning economic system. The best way, and the only way in the long-run, to create large purchasing power is through employment. The higher the degree of efficiency and productivity of those at work, the greater will be the amount of real purchasing power built up.

The second condition, which in practice often must precede the first, is an adequate margin between the income which business receives for the goods and services which it sells and the costs of producing those goods and services. Costs include not only prices of raw materials, but also labor costs per unit of output. Included also are many other items, the most important of which at the present time is taxes. Only by having proper balance among all these items can business be kept operating.

A third essential is the maximum freedom allowed to businessmen who are in the best position to know all the factors and methods of operation. They are usually best equipped to make the right decisions as to what shall be produced and the best methods of producing it. Some regulations and controls are needed, of course, to keep the complex activities of many competing businesses going along smoothly. When that objective has been accomplished, however, best results will be obtained by the minimum of interference with individual initiative and enterprise. The further removal as rapidly as possible of the restrictions which may have been necessary under wartime condition will still further stimulate a higher rate of business activity.

Industry is steadily making the adjustments to current conditions and appears likely to go far in reaching the chief objective which is to produce the best goods in largest volume at lowest cost. Free and fair competition in prices, in products, and in methods of production are most likely

not only to yield the largest profits but also provide the highest standard of living for the people.

Agricultural Prospects Good

Farm crops have continued to improve under almost ideal weather conditions in most parts of the country and total output this year is expected to set a new record. It will exceed the prewar average by 27% and the 1942 peak by 3%.

The increase in farm output during the last five years has been just as significant as was the larger factory production of war materials. Until recently livestock and dairy production has expanded about the same as the increase in crops. Farm income has risen far above all preceding peaks and appears to be stabilizing at around $20,000,000,000 annually. Some readjustment may be needed when the relief shipments of food abroad are reduced and the problem of surpluses may again be disturbing.

Most striking of the large crops this year has been the record output of wheat and corn. Latest reports indicate that total production of winter and spring wheat will be 1,160,000,000 and that of corn will be around 3,500,000,000.

Other crops which are setting new records or coming very close are tobacco, vegetables, fruits, and sugar beets. Some of the crops which will be reduced are rye, cotton, flaxseed, and some of the other oil crops. Ample food will be available to meet the large demand during the coming year from domestic consumers as well as from abroad.

Tefft in FDIC Post

Maple T. Harl, Chairman of the Board of Directors of Federal Deposit Insurance Corporation on Aug. 23 announced the appointment of Edward C. Tefft as Chief of the Corporation's Division of Liquidation. Mr. Tefft will be in charge of liquidating $30 million of balances due out of original advances of $300 million made since 1934 by the Corporation to protect depositors in insured banks. The FDIC's announcement of August 23 also said:

Mr. Tefft, who came with FDIC in 1933, is eminently qualified for the liquidating job. Prior to 1933 he was Cashier and Vice-President of the Union Planters National Bank and Trust Company, Memphis, Tenn. From 1934 to 1936 he served as Assistant Chief of the Corporation's Division of Examination.

He was Supervising Liquidator for FDIC from 1936 until 1942, when he was appointed chief of the Division of Liquidation of the newly established Office of Alien Property Custodian. From October 1945 until June of this year, Mr. Tefft served in Berlin, Germany, as consultant to the director of the Finance Division, Office of Military Government, on matters of property control.

The division Mr. Tefft will head has established an outstanding record. Losses to the Corporation on the $270 million assets liquidated thus far have averaged to only 11.4% of amounts advanced on them by FDIC.

Halsey Stuart & Co. Offers Union RR. Ctfs.

Halsey, Stuart & Co. Inc. won the award Tuesday of $1,500,000 Union RR. equipment trust of 1946, Serial equipment trust certificates, on their bid of 98.333 as 1¼'s. The certificates, which mature annually September 1, 1947 to 1956, inclusive, were immediately reoffered by the bankers, subject to Interstate Commerce Commission approval, at prices to yield from 0.95% to 1.70% according to maturity. The certificates are being issued to provide for not exceeding 75% of the cost of 500 70-ton all-steel hopper cars.

No Basic Change in Underlying Stock Market Conditions

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nisn a "*casus belli.*" The technical position of the market, however, has probably changed for the worse since the first of this year. There were doubtless purchases by many of those poorly qualified and poorly informed, for the sole purpose of reselling at an advance. True, margins are fixed at 100%, but this rule does not govern old commitments which were still carried at the previous 75% margin basis. There may have been some liquidation by "tired" holders, whose patience has greater limits than their financial appetite. These are transient and relatively unimportant factors.

We feel that there has been no liquidation in volume by well-informed investors, by investment trusts, insurance companies or such. Nor does there appear to be any reason for such liquidation. The resources of the American people are at the highest level in their history. The average income of the individual is today larger than at the top of the 1929 boom. The reservoir of credit is, for practical purposes, without limit. Our productive capacity, greatly expanded during the war years, is so far unable to attain a volume sufficient to fill the demand. The housing shortage is too well known to merit lengthy comment. The needs for capital goods promise to keep our heavy industries at capacity operations for many years to come. The demand for automobiles, trucks, buses, aircrafts, steel rails, bridges, freight and passenger cars, industrial machinery, new roads and many other capital requirements by States and Municipalities is the largest ever. Requirements of new "technical" industries, such as radar, television, telecommunications, etc. must be added.

Obviously, there is nothing on the financial or economic horizon which would suggest the proximity of a depression. We are inclined to feel that the current decline is technical in nature, that it reflects a temporary reaction in a prolonged upward movement. As an analogy we might point to the sustained stock market advance beginning in about 1923 and culminating in the fall of 1929. This advance was interrupted in the spring of 1926 by a sharp decline extending over about two months and carrying some stocks down over 100 points.

We are mentioning the foregoing merely as an analogy and not as proof that history will repeat itself. We do believe, however, that in consideration of all known factors, securities supported by fair earning power and sound assets should be held. We might add that the present decline may furnish a favorable opportunity to add to existing commitments. We believe that the stock market calls for caution and discrimination, but also for confidence.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has anounced the following firm changes:

Thomas Hislop, Toronto, retired from partnership in Thomson & McKinnon, effective July 31st.

George P. Smith, Jr. will retire from partnership in Smith & Gallatin. on Aug. 31st.

Morris & Shipley Abroad

Brown Brothers Harriman & Co., 59 Wall Street, New York City, announce that Ray Morris, partner, and L. Parks Shipley, manager, sailed Saturday on the "Drottningholm" for a business trip to the Scandinavian countries and England.

Justice Department Still Seeking Evidences Of Antitrust Law Violations on Wall Street

(Continued from page 1144)

themselves out of earnings or place their new securities privately, that is, directly with insurance companies and banks, it is unlikely to overlook possible antitrust practices for this reason alone. Though some element of competition to Wall Street is thus introduced by the self-financing of corporations, it is very evident that many corporations still rely exclusively on Wall Street for the extra funds which they need.

There is no duobt either that the Justice Department will take into full account the beneficent aspects of trade custom. It will not be the purpose of the Justice Department certainly to interfere with those established business practices which have been found by the industry to be absolutely indispensable for the successful floating of new issues. It can be taken for granted that the Justice Department will not want to act in such a way as to impede flotations.

Without question, the Justice Department is being guided in its present move by the 1939 and 1940 findings of the Temporary National Economic Committee—even if only for the reason that it is the latest study into the general subject of the concentration of economic power. Everyone may be certain, in fact, that the Justice officials are leaning very heavily upon such information as pertains to investment banking practices that can be found in the TNEC Monographs, particularly Monographs 21, 37 and 38. Monograph 21, prepared by Clair Wilcox, Ph.D., professor of economics at Swarthmore, for instance, contains pages and pages of the type of data that can be found in the following four quotations:

(1) "In certain industries, dominated by a few large firms, competition is avoided by behavior which maintains a settled distribution of the business in the field. Here the dominant concerns amicably share supplies and markets, no one of them attempting to trespass on another's ground, each of them habitually abstaining from bidding against the others in making purchases and sales. In some cases they act in conformity with the terms of an explicit agreement; in others they merely follow the conventions of the trade. Such behavior is customary among investment bankers."

(2) "In underwriting an issue of any size, the banker customarily forms a syndicate consisting of a group of banks each one of which agrees to purchase a participation, i.e., to buy a specified portion of the securities involved. The firm that acts as the manager, or, with others, as a co-manager of the underwritnig syndicate, usually permits nonmembers to share in marketing the issue, determining the pattern and procedures of distribution that are to be employed. A few large houses get the bulk and the cream of the business. Eight banks managed 77% of the $9,600,000,000 in securities registered in 1934-39, retaining as their own participation 46% of this amount. Thirty-eight firms managed 91% of the bond issues registered from 1935 through the first six months of 1939. No firm located outside of New York City participated in the management of any of the first-grade issues managed by these concerns."

(3) "Bankers, because the law requires it, submit competitive bids for Federal, State, and municipal securities and for railway equipment trust certificates. But they do not compete for corporate stocks and bonds. Each investment house has its territory where others do not intrude. Houses do not solicit business from a corporation that is dealing with another firm. They do not bid on securities that have been offered to others. The same group of bankers, united in the same combinations in a long series of syndicates, continue to underwrite the issues of the same corporations over extended periods of time. Issues of securities, in effect, are allocated among the members of the trade and bankers are assigned participation in their issues in proportions which are constantly maintained. In some cases, these arrangements have been set forth in written agreements; in others they appear to be a product of informal understandings which are faithfully observed."

(4) "In justification of these practices, it is contended that the interests of corporate borrowers are better served when they form a permanent connection with a single house than they would be if corporations were to 'shop around' in search of terms more favorable to them and it is further argued that investment banking is not a business but a profession, the implication being that ethical standards would be violated if bankers should compete. . . . Whatever the force of these contentions, it must be noted that abstention from competition also operates to widen the banker's margin and increase his profits. When the Interstate Commerce Commission, in 1925, adopted its rule requiring competitive bidding on equipment trust certificates, the banker's spread was reduced from $1.91 per unit of $100 in 1930 to 43 cents in 1931. When the Chesapeake & Ohio Railroad Co. forced competitive bidding on a $30,000,000 security issue in 1938, Morgan, Stanley & Co., for whom the issue was originally intended, withdrew and the railroad obtained an extra $1,350,000 from the sale. Facts such as these suggest that the bankers' belief that competition is unethical may rest upon considerations other than those of morality."

It is probably very safe to say that whatever the Department of Justice does antitrustwise on Wall Street it won't do all at once. The young men in the Department are going to make careers ferreting out evidences of antitrust law violations in the investment business and busting-up—or at least trying to bust-up—such combinations as might seem to them to be flagrantly in restraint of trade.

It is evident all around that the antitrust issue is a very live one in the underwriting field. The problems of the investment market, as seen by the antitrust lawyer, one informant said, were slow in forming but they have gained in momentum, so to speak, through the years. The "evils" of the business—if they can be called that—he averred, are not going to be righted overnight.

Wall Street has gone far toward winning its way back into the good graces of the people generally and there is, no doubt, a very solid basis for this trend of thought. For this reason, the Department of Justice will certainly be careful not to do anything to alienate public opinion from any position it itself takes. It will undoubtedly act cautiously and with due regard for the facts.

British Colonial Development

(Continued from page 1140)

a "trading department" replied the official in a tone of offended dignity. Under the pressure of the war, the Colonial Office had to become, however, a "trading department."

The necessity of continuing the policy of encouraging actively the economic development of the Colonies even in time of peace was realized by the government. The Colonial Development Act was passed last year; under it £120,000,000 is to be spent on the Colonies out of the Budget of the United Kingdom during the next ten years. As the inhabitants of these Colonies number 65,000,000, this amount may appear small. But it will be supplemented by the proceeds of loans to be issued by the Colonies themselves on their own credits, and by the amounts allocated for capital expenditure out of their own budgetary resources. Even so, the bulk of the work will be left to private enterprise which is expected to take a more active interest in colonial development than it did in the past. Participation of American capital and enterprise will be welcomed and encouraged.

Should private enterprise fail to come up to expectations, the chances are that goverment intervention in Colonial development will materially increase during the next few years. Apart from any other reasons, the Colonies continue to provide the markets with the aid of which the government hopes to maintain full employment at home. If as a result of a world-wide depression it should prove to be difficult to maintain production in the exporting industries, the pace of Colonial development will be accelerated. Instead of wasting money on costly employment schemes in the United Kingdom, capital goods will be diverted to the Colonies. There is also a possibility of increasing the absorbing capacity of the Colonies for consumers goods. During the war, closer contact with Western civilization was brought about by military necessity, and there was, as a result, an increase of demand for modern manufactures. This demand could not be satisfied owing to the scarcity of supply and transport facilities. Consequently, the Africans in British West Africa were unable to spend the increased volume of notes which they received through the increase of the output and higher prices. This was unfortunate, because, being unable to spend their money, the Africans were inclined to produce less. They have not yet reached the stage when money is regarded as a store of wealth. For them money is something to be spent immediately, and if they cannot do so money has no attraction to them.

As and when peace-time production is restored, it will be possible to satisfy the increased requirements of Africans and other Colonial natives for manufactures. It will be even possible to increase their purchasing power, in order to be able to absorb more imported goods. From this point of view, and from the point of view of the economic development of the Colonies, it will be necessary to revise the existing currency systems in the Colonies, so as to bring them in accordance with the expansionary principles that have been officially adopted in the United Kingdom itself. In many quarters, Colonial monetary policy is considered too timid. All hopes for an accelerated development of the Colonies in spite of the limitations of British post-war Budgets are placed in the possibility of financing economic expansion by a currency and credit expansion in the Colonies themselves.

Many Exchange Members Sure Board Will Reject Incorporation

(Continued from page 1135)

The names of those submitting comment will be withheld on request. All communications should be addressed to the Editor, The Commercial and Financial Chronicle, 25 Park Place, New York 8, N. Y. Comment received during the last week follows:

BROKER No. 14

We are against incorporation both for ourselves and for the industry. We feel that incorporation would expose the members of the New York Stock Exchange to furhter governmental controls. In our opinion, the present controls are entirely adequate. In digging into the barrel, it isn't the crabs you see that bite you. Those who can see advantages to incorporation in theory can not be sure that they would ever realize these advantages in practice. Those of us who have been in the business for 40 years can well remember the firm failures of old. There has not been a firm failure for a long time. We believe in letting well enough alone.

BROKER No. 15

The issue of democracy is involved here. In our firm, the partners have not yet taken a stand on this issue. It is my own belief that only a few very large firms want incorporation. I myself doubt whether the Board of Governors of the New York Stock Exchange will put the question up to the members for a vote. However, it does not follow that because some stock Exchange firms may be opposed to incorporation that others should be denied the right to avail themselves of this form of organization if it suits their purposes and needs. We would be hard put to it as to just how to vote if we had to decide definitely exactly how we stood.

We don't think there is any tax advantage whatever to incorporation but, on the other hand, the matter of the limited liability of the corporation holds no terrors for us. We have been doing business with large corporations for some time and we have never felt we were taking any financial risks. Furthermore, it is our belief that if incorporation is made permissive, large corporations, such as the First Boston Corporation, and banks should be allowed to take out memberships in the Exchange. The fact that they are now good customers of present members of the Exchange should be no bar to their admission as members.

BROKER No. 16

We have not yet voted on this question. The problem is a little complicated for us because we see strong points on both sides. The biggest argument for incorporation, we feel, is the possible tax savings which it might allow. The biggest argument against is the difficulties the Stock Exchange might run into when attempting to maintain discipline over members that are corporations.

BROKER No. 17

We see a tax disadvantage to incorporation ourselves. The big fellows might have something to gain but not our firm. As we do not propose to withhold earnings for purposes of capital formation, incorporation for us would only mean double taxation. We'd have to pay out the 38% corporation tax before dividing up the earnings among the partners, something we don't have to do now.

BROKER No. 18 (Worcester, Mass.)

I am one of those who for several years have been favoring incorporation. Most of the reasons in favor have been fully expressed by others more competent to do so and require no repetition. The most cogent reason, to my mind, however, is that the corporate form is the modern, accepted method of transacting business. To say that a partnership offers more security to a customer than a corporation seems to me to be complete nonsense and certainly is not logical in view of the fact that banks are incorporated and not partnerships.

However, I concede to each individual firm the privilege of thinking the matter out for themselves. The thing that I fail to understand is why, since this incorporation is permissive and not mandatory, there should be objection on the part of those who want to continue as partnerships to those of us who wish to incorporate. Exactly how the interests of those favoring partnerships are adversely affected by permitted incorporation to those who desire it, I fail to comprehend. That, it seems to me, is the crux of the whole matter. Nobody is forcing any firm to incorporate that does not wish to and it seems to me that they should be tolerant enough and considerate enough of others' well-thought-out desires to permit those of us who wish to incorporate to do so just so long as the interests of others are not adversely affected.

It seems to me the matter of taxes and all the other irrelevant arguments are things that each firm should decide for itself. In fact, the burden of my argument is that the entire matter is one that should be left for individual firms to decide for themselves without objection or interference by others who just don't happen to agree. Let's not forget that if everybody agreed on everything, there wouldn't be a need for a Stock Exchange.

BROKER No. 19

I believe I am talking for all the partners of this firm when I say that to us the question of permissive incorporation is of no real importance. We all want our full share of earnings as they are made. Our firm has been in business fifty years and this arrangement, we have found, works out very well. Thus, the argument that incorporation would permit us to build up capital by holding earnings back can have no meaning whatsoever to us. We also like the flexibility that is inherent in the partnership form of organization. We have not discussed the question formally. Naturally, if we did have to decide definitely just how we should stand on the matter, we would view the question in the light of the information before us at that time.

BROKER No. 20

We have looked into the question of incorporation, particularly from the tax angle, to see whether our firm could possibly derive any advantage from that form of organization. We can not see how a small firm like ours can have anything to gain from incorporation. Not only do we see no tax advantage but also we fear that we would lose business. Banks and investment trusts could under the rule of incorporation become members of the New York Stock Exchange and as much of our contacts are with investment trusts we stand to lose some of our best customers. Besides, incorporation would give the industry the characteristics of a trade and we feel that our work is professional in character. Incorporation would undoubtedly bring people into Wall Street who don't belong there.

Changed Patterns in Banking and Finance

(Continued from page 1136)

into and out of the country, so that reserves for currency convertibility were available. During the First World War, as might be expected, the system broke down, but its great advantage to a national stable economy was so apparent and effective that, after the conflict, all the great nations were eager to have the system restored.

But in the meantime new concepts of central banking developed which put a severe strain on its operations and finally led to its breakdown not only in this, but also in other countries. In addition to functioning as a regulator of currency and credit, the additional burdens of price stabilization and of government financing were placed on the central banks. They were required to act as mere instrumentalities of the national governments in maintaining international balance of payments and in providing funds to meet government deficits. Thus, they were required to assume activities related primarily to strict foreign exchange controls. And, instead of serving business in extending credit and in creating currency, their activities were devoted largely to the tasks of keeping their governments solvent.

Such is the situation today not only in Great Britain and France, but also in the United States. The nationalization of banks in France and Britain was merely legal procedures. It has no practical significance. As Mr. Churchill stated, it is not the ownership of the shares of the Bank of England that counts, but the use made of it. In our own blessed country, the Federal Reserve Banks are not yet owned by the government. But it would be merely a simple formality if such ownership came about. There would not be a ripple on the ocean of our vast banking structure. The Federal Reserve Banks are as much a part of the government as the Post Office and the Treasury Departments. Regulation and control of them is a matter of politics more than economics.

But such was not the original intention of Congress. When the Federal Reserve Act was enacted, the sound theory that central banks should operate in accordance with the needs of business and not for meeting financial exigencies of government was generally accepted. The theory was known to Alexander Hamilton when he promoted the First Bank of the United States as a private institution. And Nicholas Biddle, though condemned unjustly by such sensational popular writers seeking modernistic applause as Prof. A. M. Schlesinger, was technically correct in combatting Jackson's attempt to bring the Second Bank of the United States under the control of his Democratic Party cohorts. Said Biddle: "For the bank . . . there is but one course of honor or of safety. Whenever its duties come in conflict with the spirit of party, it should not compromise with it, nor capitulate to it, but resist it—resist it openly and fearlessly" (See Catterall, "The Second Bank of the United States," p. 182).

But such sound theories under the stress of political power are thrown overboard. Today, the Federal Reserve System, together with its member banks, are mere intermediaries for government policy. Their object is not primarily to promote business and economic stability, but to serve the Treasury Department. It is true that the circumstances of the war, necessitating a large national debt, has compelled the banks to furnish the government with funds. Yet, this abnormal situation should not lead to a permanent perversion of commercial and central banking functions. The Federal Reserve System should again be given a high degree of independence. It should be permitted to reflect the rate of interest as determined by the supply and demand for credit, and not to depress it as a matter of political policy. And the commercial banks again, when conditions warrant, should dispense or withhold credit from business along sound banking principles, free from the competition of government-created and subsidized credit institutions.

The Restraints on Investment

Another field in which bureaucratic control is overriding freedom of individual action is in investment. The Securities and Exchange Acts were enacted, not as in the case of the Federal Reserve Act after thoroughgoing study, investigation and deliberation, but in the heat of passion, arising out of the evils of a speculative boom—one of the many which have occurred in human history over the past centuries. In order to bring the rod into a straightened position, it was bent too far in the opposite direction. Continuous amendments to the Acts, arising mainly from the clamors for more power by its administrators — a trait of bureaucracy—has led to further distortions. The inevitable result is that today, the investment business is unduly shackled with restraints, orders, decrees and "philosophies," which threaten the continued existence of a free, fluid and unfettered flow of capital into industry. Underwriters are hampered by rules, codes and regulations that rival the Old Testament Book of Leviticus. Investment dealers and brokers feel safe in their transactions only after consulting attorneys, specialists, experts and others who are supposed to know the modern law of the Medes and the Persians. Century-old trade practices are outlawed. Any personal relationships or discriminations between dealer and customer, or broker and client, may be held a criminal act, and a security trader by a mere involuntary indiscretion or ignorance of a bureaucratic precept may be deprived of his livelihood.

These statements are not mere exaggerations. That government control of investment and finance overreaches itself is becoming increasingly evident. In a recent study made under the auspices of the Brookings Institution by three economists (as noted in the "Chronicle" of Aug. 8, p. 745), a plea is made for simplification and coordination in security marketing regulation. It is pointed out in this study that a higher level of production and much higher prices will require a greatly expanded flow of funds into industry in the postwar period than was needed in the era of the 30's. If the capital markets are to supply these funds efficiently, securities regulation must be substantially modified, with especial attention directed toward simplification and coordination.

The study, accordingly, makes the following recommendations relating to investment controls:

1. The government should not pass upon the soundness of security issues. Regulation should not go beyond preventing fraud and requiring adequate information.

2. Competitive bidding should not be compulsory for all types of issues.

3. Stabilization operations during the period of flotation are sufficiently safeguarded by present Stock Exchange regulations.

4. Brokerage and dealing operations should not be segregated. The existing combination system has not been characterized by abuses.

5. Direct placement of securities without the intervention of an investment banker should be permitted, but should be subject to the same regulations as public offerings.

6. Decentralization of the investment banking system is unnecessary.

7. Security legislation should be simplified by integrating Federal security legislation, coordinating Federal and State legislation, and exempting seasoned issues from the registration requirement.

8. Registration procedure should be improved by simplifying the registration statement and the prospectus and by eliminating duplication in registration statements.

9. The provisions of the Securities Act regarding solicitations during the waiting period should be modified by permitting oral offers without actual sale before the effective date.

10. A single standard of civil liability in connection with securities issuance should be formulated.

All these recommendations are sound and they can be adopted without emasculating a sane and practical operation of securities marketing regulation.

Deadline for Claims for Return of Seized Property

Alien Property Custodian James E. Markham announced on Aug. 23 a permanent deadline for filing of claims for return of seized property. The announcement says:

The action was taken by the issuance of an amendment to APC General Order No. 21. The Order now provides that notices of claim for return of any property or interest seized by the Alien Property Custodian should be filed within two years from the date of seizure or within two years from Aug. 8, 1946, whichever date is later.

Mr. Markham explained that this deadline was required by Public Law 671 of the 79th Congress, signed by President Truman on Aug. 8, 1946. Previously the claims deadline had been extended from time to time. General Order No. 21 as amended does not for the present set any deadline for the filing of debt claims against persons whose property was seized by the APC, Mr. Markham said. The Order does provide that no bar date prior to Dec. 1, 1946, will be established on this type of claim. Mr. Markham added that future bar dates on such claims will be established as required by Public Law 671.

Wildlife Bill Killed

President Truman permited to die by pocket veto a bill to abolish the Parker wildlife refuge in Massachusetts, according to Associated Press Washington advices of Aug. 16. This was the last measure sent to the White House by the Seventy-ninth Congress before it recessed, and was among the last items to receive the President's consideration before his departure on a vacation cruise. The bill had passed the House on April 1, and the Senate on Aug. 2.

A Selective Market Ahead

(Continued from page 1137)

are Russia, the world's political turmoil, and our politically-minded Administration. Each of these problems is fraught with possible calamity. The dire consequences naturally create an atmosphere of suspense. Without confidence in the future, business management and individuals with means are discouraged from making commitments for long range planning. This situation causes the investor to be aware of the historic high level of security prices. And it must be realized that, with a few substitutions, the antiquated and meaningless Dow Jones average now is not far from the peak of 1929.

We are also confronted with the danger of a psychological market reaction after a fairly consistent rise of four and one-half years. Underneath the light that has glowed emerald green for many is located the red one that surely and without warning will be flashed on in its turn. The public, including business and Wall Street, is "optimistic," with but few astute persons taking the opposite viewpoint. Precedent lends weight to the side of minority opinion—a highly sophisticated bearish indicator.

The Bearish Import on Particular Industries

The cold facts of disappointing earnings in the face of a very large gross volume are due to the rising wage scale and the resultant higher price level for materials and finished products. There is no end in sight to this trend! As an example of what some industries face, consider New York's subway system. The enterprise is essential, stable and growing. Before the first world war the great city's traction securities were trust-fund and widow-investments. Higher costs and fixed returns gradually brought about bankruptcy and public ownership. However, because the subway is the life blood of the city, operations could not cease. And in the future the enterprise will be enlarged and improved, its workers will receive ever higher wages, materials and equipment will become more expensive, the fare will be increased; but, the deficits will remain. The parents of such a dilemma are inflationary expenses and political influence on rates. Other fast growing offspring of the same parentage are railroads, public utilities, coal mines, shipping and similar businesses whose energies (profits) are being sapped by more outgo than income. Nationalization of many basic industries, with accompanying deficits, subsidies, inefficiencies and bureaucracy, is the solution attempted in most countries today.

General Bullish Factors

But there is also justification for widespread optimism. The Second World War ended in decisive victory last year. Looking at the general world picture, the crucial problem of Russia, world unrest, labor and our politically minded Administration, are counter-balanced by other factors. War is by no means imminent. Russian communism has been with us for 30 years. Russia is weak at present, hurt by the war and troubled with internal and external difficulties. It is certain that for some time to come she will employ only a war of nerves to gain her ojectives. The people of the world want peace, and some of their leaders may meet with unexpected resistance to any steps that will plunge them into another more terrible conflict. There are signs that this will similarly restrain certain bosses in the field of labor from keeping people from working, and hindering production. The trend for some time shows the pendulum swinging away from radicalism. Our elections this fall should further confirm this.

The Bullish Impact on Specific Industries

This country now faces a rebuilding program in which there is enough dynamite to cause an explosion of unprecedented prosperity. The needs of the population are of equal proportions. Our armament schedule dwarfs that of any peacetime era. Business indices are bound to break all records, and national income will shortly reach 170-180 billions of dollars, about 140% more than 1929. Wage rates are double those of prewar and will go higher. Farm income, also at top figures, will increase. Tremendous savings, the huge soldiers' bonus, enlarged and expanded social security, pensions and insurance payments, are additional springs from which money will flow as never before. Hours of work will shorten.

Industries That Will Prosper

The consumer, service and amusement industries will be the great beneficiaries, as will some other lines, both large and small, where the flexibility and efficiency of management is not stifled by the grip of labor and the deadening hand of political commissions.

New industries such as electronics, radar, television, jet propulsion, plastics, atomic energy, etc., will play an important role. Historic highs, "frontiers"—who said so??. In the stock market too the myth of the "New Era" past holding all the records has been shattered. During the Dow Jones depression years Amerada rose from a 1929 high of 29 to 190, Phillip Morris from 1 to 300, Pepsicola from ½ to 100. Nothing in past boom periods offered much greater possibilities for enhancement of capital than fairly recent commitments in air lines, liquor, drug, chemical and many other companies. There have been plenty of opportunities for those who carefully studied individual situations instead of giving attention to over-simplified generalities.

With busines activity in full swing, in spite of major uncertainties, there remains the crucial question of profits. In many industries business operations will be profitless while in others profits will be enormous. Intelligent specific analysis of this factor rather than emotional convictions, should control the approach to our selectivity between sections of the market, and between individual companies in the same industry.

The logical conclusion to the foregoing is that we must forget "the market" and objectively analyze the worldwide political and domestic factors as they should specifically affect particular industries; and follow this up by studying the fiscal factors variously affecting companies within industries.

The following table vividly illustrates the high degree to which such selectivity has operated even in the bull market since V-J Day.

	8-17-45	8-23-46	% Change
DOW JONES INDUSTRIALS	165	197	+ 19
INCREASES			
American Woolen	19	58	+205
City Stores	11	27	+145
Eastern Airlines (1)	61	121	+ 98
Gimbel Bros. (2)	25	86	+244
Paramount Pictures (3)	31	74	+138
Park & Tilford	36	73	+102
Pfizer (Chas.)	21	75	+257
Schenley (4)	58	175	+201
Warner Bros.	16	46	+187
Standard Gas $4 Preferred	6	43	+616
DECREASES			
Chicago Great Western Preferred	26	18	— 30
Chicago North Western RR.	37	25	— 32
Dresser Industries	29	25	— 14
Farnsworth Tel. & Radio	16	12	— 25
Homestake Mining	52	40	— 23
Hudson Motors	29	24	— 17
New York City Omnibus	31	23	— 26
Philco	36	30	— 17
Western Union Tel. Co.	46	33	— 28
Zenith Radio	36	30	— 17

(1) Split four for one.
(2) 50% stock dividend.
(3) Split two for one.
(4) Split four for three in 1945, then 10 for seven in 1946.

Grocery Industry Chief Scores Ruling of Decontrol Board

(Continued from page 1141)

margarine, soup, dessert and many other industries. Inasmuch as grocery manufacturers operate on a very narrow margin of profit and because they operate on a long range basis, rapid fluctuations in the price of their ingredient materials seriously affect their business. For example, bakers, whose products consist to a large degree of shortening and flour, bought large quantities when the price ceilings were removed. With the restoration of ceilings, they face a huge loss because they cannot now include in their selling price the increased cost of their ingredients.

"It is difficult to estimte the damage done to the food industry by the off-again, on-again policy of the government on price controls. Throughout the spring, there was a period of doubt as to whether or not Congress would continue the OPA. Then came a month during which we had a complete control holiday. This was followed by a month of partial controls, and we are now entering a period of recontrol. Under such conditions, it is nearly impossible for grocery manufacturers to plan ahead intelligently.

"The Decontrol Board is to be congratulated on its realistic and farsighted decision to remove controls from dairy products and grains. It is to be hoped, however, that the OPA will quickly clarify some of the confusion arising from the decision as announced. For example, OPA should quickly inform the industry if the price freedom of grain will result in the decontrol of flour, cereals and other products made from grain. Maintenance of controls on manufacturers of such products is contrary to the public interest. It has been amply demonstrated that the unrealistic policy of allowing raw material prices to advance while holding finished products under rigid ceilings inevitably results in curtailment of production. It is obvious that OPA must quickly decontrol prices on products manufactured from grain or make adequate price adjustments.

"Grain is now so plentiful that supplies are again catching up with demand. In these circumstances, the board would be justified in decontrolling all products made from grain."

Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

Setback of last week brought various stocks to buying ranges. Look for resumption of up-trend in immediate future.

If last week's market proved anything, it proved that if there's one thing you can't be positive about, it is the market. About the only thing you can be sure of in the market is that it opens at 10 and closes at 3. And even that is sometimes open to question.

Some years ago I was sitting in my office yawning at a tape that wouldn't move. Overcome by boredom I told my associate I was calling it a day and going out to shoot some golf. My associate said he'd meet me on the course later. I remarked that maybe the Exchange would close earlier so we could both get away. I even bet him, one of those conversational bets, that the Exchange would close earlier, arguing that there weren't enough shares traded to pay for the electric current. Later that afternoon I was amazed to find out that the Exchange had closed an hour or so earlier. Something had gone wrong with an exhaust vent and somebody thought it was sabotage and the place would blow up, or something. In any case that was one day that the market did not close at 3 p.m.

To get back about being sure about the market: Last week I crept out on a limb and said there were evidences of support around 198 and later at 195. Just between ourselves I thought the 198 figure would be a Gibralter. So what happened? They thumbed their nose at that figure and went merrily down to around 195. After making like a hero for a couple of weeks, this action gave me my come-uppance.

Like other people who second-guess the market I made the usual mistake. I felt the market would go down, but MY stocks would merely go through a respectable decline; nothing to worry about. It's that philosophy of accidents: It can't happen to ME. So it did happen.

But although there was a decline the stocks recommended here didn't all get down to the buying levels, which may be just as well. I don't look for perfect scores. If I get them I'm scared. Besides, a perfect profit score one day is often a perfect loss score another day. I prefer, like that radio commercial, to strike a happy medium.

In any case, as this is being pounded out, the stocks you have are as follows: New York Shipbuilding 18 to 19; Republic Steel 35 to 37; Standard Oil of New Jersey 75 to 77; Jones and Laughlin 46 to 48; Bethlehem Steel 106 to 108 and International Paper 45 to 47.

It was interesting to see how the market bounced up from the lows of about 195. It proved that there was a zone of resistance at that level. How long it will stay there, and whether or not it will hold the next time, is something for the future to tell. I think it will hold. I think so now. I don't know if I'll think so a few days from now. It depends on the action of certain key stocks. So far these act okay. How they'll act tomorrow, only tomorrow will say. Meanwhile, hold on to what you have and let's see what this tomorrow will bring.

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Securities Now in Registration

● INDICATES ADDITIONS SINCE PREVIOUS ISSUE

Acme Electric Corp., Cuba, N. Y.
June 26 filed 132,740 shares ($1 par) common stock. **Underwriters**—Herrick, Waddell & Co., Inc., and First Colony Corp. **Offering**—To be offered publicly at $5 a share. **Proceeds**—Company will receive proceeds from the sale of 68,880 shares and four selling stockholders the proceeds from the sale of 63,860 shares. Company also will receive proceeds from the sale of 20,000 warrants for common stock to underwriters at an aggregate price of $200. Of the net proceeds ($292,940) $50,000 will be used to pay current bank loans; about $20,000 will be used for machinery and equipment, and the remainder for working capital.

Adirondack Foundries & Steel, Inc., Watervliet, N. Y.
August 19 (letter of notification) 5,745 shares of common stock (no par). Shares are being offered by the company to stockholders of record Sept. 5 at $10 per share, in ratio of one new share for each share held. Rights expire Sept. 30. Proceeds for expansion of buildings and facilities.

● **Aerovox Corp., New Bedford, Mass. (9/10)**
Aug. 22 filed $1,500,000 of 5% sinking fund debentures, due 1961, and 50,000 shares ($1 par) common stock. **Underwriter**—Ames, Emerich & Co., Inc., and Dempsey & Co., Chicago. **Offering**—The debentures will be offered publicly. The common shares will be issuable upon the exercise of stock purchase warrants for purchase of common stock at $2 a share above the bid price of such common on the effective date of the registration. Company will sell warrants for 25,000 common shares to the underwriters at 10 cents a warrant. The remaining warrants will be sold to officers and employees of the company. **Price**—The debentures will be sold at 100. **Proceeds**—Of the net proceeds from sale of debentures, company will use $1,025,000 for payment of an indebtedness to the Bankers Trust Co. of New York. The balance, estimated at $373,680, will be added to working capital. **Business**—Manufacture of capacitors, known also as fixed electrical condensers.

Aerovox Corp., New Bedford, Mass.
July 23 (letter of notification) 25,000 shares ($1 par) common. Offering price, $11.50 a share. **Underwriter**—Ames, Emerich & Co., Inc., Chicago. **Proceeds**—For additional working capital.

Air Cargo Transport Corp., New York
June 19 filed 435,000 shares ($1 par) common stock. **Underwriters**—By amendment. Price by amendment. **Proceeds**—Of the total, 35,000 shares are being sold by stockholders and the remainder by the company. The latter will use $60,000 of the proceeds to repay a bank loan, about $500,000 for new equipment and $250,000 for ground installations at various points in the United States.

Air Express Internat'l Agency, Inc., New York
July 22 filed 125,000 shares of 50-cent par common. **Underwriters**—Newburger & Hano; Kobbe, Gearhart & Co., and Burnham & Co., all of New York. **Offering**—The shares will be offered publicly at $6 a share. **Proceeds**—Estimated net proceeds of $656,250 will be added to general funds.

Airline Foods Corp. of New York (9/9-10)
July 26 filed $1,700,000 of 5% sinking fund debentures, due 1962, and 120,000 shares of 5½% cum. conv. preferred stock ($25). **Underwriting**—Herrick, Waddell & Co., Inc. **Price**—Debentures 99, preferred stock, $25 a share. **Proceeds**—To purchase on or before Sept 17 all issued and outstanding capital stocks of David G. Evans Coffee Co.; Empire Biscuit Co.; San Jose Packing Co.; and James A. Harper Supply Co., and for working capital.

Allis-Chalmers Manufacturing Co. (9/16)
July 26 filed 359,373 shares ($100 par) cumulative convertible preferred stock is being offered for subscription to common stockholders of record Aug. 26 at the rate of one preferred share for each seven common shares held. Rights expire Sept. 12. Unsubscribed shares will be sold publicly. **Proceeds**—For plant expansion and to increase working capital.

All Metal Products Co., Wyandotte, Mich.
Aug. 14 (letter of notification) 13,000 shares of class B common on behalf of Mary E. Reberdy. Offering price, $5.50 a share. **Underwriter**—Andrew C. Reid & Co., Detroit, Mich. **Proceeds**—To go to the selling stockholder.

American Brake Shoe Co., New York
Aug. 16 filed 199,101 shares (no par) common. **Underwriting**—No underwriting. **Offering**—Shares will be offered for subscription to common stockholders in the ratio of one addition share for each four shares held. Unsubscribed shares will be sold to other persons including officers and employees. Price, $35 a share. **Proceeds**—Net proceeds, estimated at $6,915,285, will be used to defray part of the cost of its plant expansion and improvement program.

American Broadcasting Co., Inc., N. Y.
June 27 filed 950,000 shares ($1 par) common stock. **Underwriter**—Dillon, Read & Co. Inc., New York. **Offering**—A maximum of 100,000 shares may be sold by company to persons, firms, or corporations with whom the corporation had network affiliation agreements on March 31. The remainder will be offered publicly. Price by amendment. **Proceeds**—To prepay notes payable to acquire radio station WXYZ, to construct broadcast transmitter for station KGO at San Francisco and for working capital.

American Cladmetals Co., of Pittsburgh
July 8 filed 196,500 units comprising 196,500 shares of voting common stock ($1 par) and 589,500 shares of non-voting common stock ($1 par), each unit consisting of 1 share of voting common and 3 shares of non-voting common. **Underwriters**—None—the company intends to distribute its common stock directly to the public. **Offering**—Price $6 per unit. **Proceeds**—Net proceeds estimated at $1,179,000 will be used to pay a mortgage on plant, pay accounts payable, purchase equipment, for building alterations and working capital.

American Colortype Co., Clifton, N. J.
Aug. 12 filed 30,00 shares ($100 par) cumulative preferred stock. **Underwriters**—To be supplied by amendment. Price by amendment. **Proceeds**—Net proceeds initially will be added to general funds, however, the company anticipates it will use the funds for its building and expansion program.

American Fabricators, Inc., Louisville, Ky.
Aug. 5 (letter of notification) $100,000 of 15-year convertible debentures, due 1961. **Offering**—Price $1,000 a unit. No underwriting. For additional working capital.

● **American Frozen Food Lockers, Inc., White Plains, N. Y.**
Aug. 22 (letter of notification) 5,000 shares of 6% convertible preferred stock ($10 par) and 70,000 shares ($1 par) common. No underwriters. **Offering**—Prices $10 a share for preferred and $2 a share for common. Proceeds to pay off notes and loans, and for working capital and inventories.

American Locomotive Co., New York (10/1-4)
July 18 filed 100,000 shares each of $100 par prior preferred stock and $100 par convertible second preferred stock. **Underwriting**—Union Securities Corp., New York. Price by amendment. **Proceeds**—Net proceeds, with other funds, will be used to redeem $20,000,000 of 7% cumulative preferred stock at $115 a share plus accrued dividends.

American Time Corp., Springfield, Mass. (9/4-6)
August 19 (letter of notification) 60,000 share (1¢ par) common. Offering price, $2 a share. **Underwriters** — Kobbe Gearhart & Co., Inc., New York. For additional inventory, manufacturing facilities and machinery and tooling.

American Water Works Co., Inc., N. Y.
March 30 filed 2,343,105 shares of common (par $5) plus an additional number determinable only after the results of competitive bidding are known. **Underwriters**—To be filed by amendment. Probable bidders include Dillon, Read & Co. Inc., White Weld & Co., and Shields & Co. (jointly), and W. C. Langley & Co. and The First Boston Corp. (Jointly). **Offering**—Price to public by amendment. **Purpose**—The common stock, together with $15,000,000 10-year 3% collateral trust bonds (to be sold privately) are to be issued to acquire certain assets of American Water Works & Electric, liquidate two subsidiaries, Community Water Service Co. and Ohio Cities Water Corp., and provide cash working capital. Common stock is to be offered initially for cash to common stockholders of parent and to public holders of preferred stocks of Community and Ohio in exchange for their shares. Stock not subscribed or issued under exchange offers are to be sold for cash to underwriters. For details see issue of April 4.

American Wine Co., St. Louis, Mo.
July 24 filed 120,000 shares ($1 par) common. **Underwriters**—None. **Offering**—Shares being registered are held by Louis E. Golan, President of company, who acquired them last June 5 upon the surrender for cancellation of $432,000 of notes of the company. About 60,184 shares will be offered to stockholders of the company, including remaining shareholders of Cook's Imperial Wine Co., at $3.60 each and at the rate of 12 new shares for each 26 held. The remaining 59,816 shares will be retained by Golan. **Proceeds**—Proceeds to go to the selling stockholder.

● **Apollo Records, Inc., New York**
Aug. 23 (letter of notification), 25,000 shares common (par 10c). No underwriting. Price $5 a share. Proceeds for working capital.

Arkansas Western Gas Co.
June 5 filed 33,639 shares of common stock (par $5). **Underwriters**—Rauscher, Pierce & Co. Inc., and E. H. Rollins & Sons Inc. **Offering**—Stock will be offered to the public. Price by amendment. Shares are being sold by six stockholders.

Arkansas Western Gas Co. (9/5)
Aug. 12 filed 93,430 shares ($5 par) common stock. **Underwriter**—E. H. Rollins & Sons, Inc., New York. **Offering**—Company is offering the stock for subscription to present common stockholders at $10 a share in the ratio of 3 shares for each 4 shares held. Unsubscribed shares will be sold to underwriters. **Proceeds**—At same time of common stock offering, company intends to sell to institutions $1,500,000 first mortgage sinking fund bonds, 3% series, due 1966. Funds from the sale of the bonds and common stock will be used to retire $840,000 3¾% bonds and $210,000 serial promissory note. It will also deposit $600,000 with the trustee under the indenture securing the first mortgage bonds. Remaining proceeds will be added to general funds.

Armour and Co., Chicago
July 12 filed 350,000 shares (no par) cumulative first preference stock, Series A; 300,000 shares of convertible second preference stock, Series A, and 1,355,240 shares common stock (par $5). **Underwriter**—Kuhn, Loeb & Co., New York. **Offering**—The 350,000 shares of first preference stock will be offered in exchange to holders of its 532,996 shares of $6 cumulative convertible prior preferred stock at the rate of 1.4 shares of first preference stock for each share of $6 prior preferred. Shares of first preference not issued in exchange will be sold to underwriters. The 300,000 shares of second preference stock will be offered publicly. The 1,355,240 shares of common will be offered for subscription to common stockholders of the company in the ratio of one-third of a new share for each common share held. Unsubscribed shares of common will be purchased by the underwriters. **Price**—Public offering prices by amendment. **Proceeds**—Net proceeds will be used to retire all unexchanged shares of $6 prior stock and to redeem its outstanding 7% preferred stock. Temporarily postponed.

Artloom Corp., Philadelphia
August 16 filed 151,367 shares (no par) common. **Underwriters**—No underwriting. **Offering**—Of the total, 148,633 shares will be offered for subscription to common stockholders in ratio of one share for each two shares held. The remaining 2,734 shares and any shares not subscribed for by common stockholders will be offered to employees of company. **Price**—$10 a share. **Proceeds**—The company

estimates it will use $300,000 of the proceeds to purchase additional space and equipment, and $350,000 for manufacturing facilities. The balance will be added to working capital.

• Bastian-Morley Co., Inc., LaPorte, Ind.
Aug. 20 (letter of notification) 1,500 shares of 5½% ($100 par) preferred. **Offering**—Price $100 a share. No underwriting. Offering to be made to present stockholders and employees. For redemption of outstanding 7% no par preferred with the balance to be added to working capital.

• Beach Industries Co., Far Rockaway, N. Y.
Aug. 23 (letter of notification) $10,000 5-year non-negotiable notes. No underwriter. Proceeds will be used to finance incorporation to cover cost of office expense and to cover cost of manufacture, advertising and distribution of an optical detector.

Ben-Hur Products, Inc., Los Angeles (9/9)
July 11 filed $1,000,000 of 5% sinking fund debentures (with detachable common stock warrants attached), due June 1, 1966. **Underwriter**—P. W. Brooks & Co., of New York. **Offering**—$263,500 5% debentures offered in exchange for like amount of 5% convertible debentures at 100 with premium of 5% on or before Sept. 3. Unexchanged plus balance of issue to public through underwriters at 100. **Proceeds**—To redeem old debentures and reduce bank loans.

Black, Sivalls & Bryson, Inc., Kansas City, Mo.
July 29 filed 20,000 shares of 4.25% cumulative preferred stock, ($100 par) and 100,000 shares ($1 par) common stock. **Underwriters**—F. S. Yantis & Co., Inc., and H. M. Byllesby and Co. **Offering**—Shares are issued and outstanding and were purchased from the company by the underwriters at $96.50 a share for the preferred and $10.70 a share for the common. They will be offered to the public by the underwriters. Price, $100 a share for the preferred and $12.50 a share for the common.

Blum (Philip) & Co., Inc., Chicago (9/3-6)
July 26 filed 150,000 shares ($1 par)) common stock. **Underwriters**—F. S. Yantis & Co., Inc., and H. M. Byllesby and Co., Inc. **Price**—$17 a share. **Proceeds**—Payment on bank loans and notes and for working capital.

Briggs & Stratton Corp., Milwaukee (9/3-6)
Aug. 9 filed 76,000 shares (no par) capital stock. **Underwriters**—A. G. Becker & Co., Inc., Chicago. Price by amendment. **Proceeds**—Shares are being sold by stockholders.

Brooklyn (N. Y.) Union Gas Co.
May 3 filed 70,000 shares of cumulative preferred stock ($100 par). **Underwriters**—To be filed by amendment. **Bids Rejected**—Company July 23 rejected two bids received for the stock. Blyth & Co., Inc., and F. S. Moseley & Co. and associates submitted a bid of 100.06 for a 4.30% dividend. Harriman Ripley & Co. and Mellon Securities Corp. bid 100.779 for a 4.40% dividend. Indefinitely postponed.

Brown & Bigelow, St. Paul (9/9)
July 19 filed 35,000 shares of 4½% ($100 par) cumulative preferred stock and 427,558 shares ($1 par) common stock. **Underwriters**—Reynolds & Co., New York. **Offering**—19,079 preferred shares will be offered to 6% preferred stock on a share for share exchange basis. Shares not issued in exchange plus 15,921 additional will be offered to the public. Of the total common, the company is selling 67,500 shares to underwriters for public offering and 55,177 shares are to be offered in exchange for outstanding capital stock of Consolidated Printing Ink Co., Quality Park Box Co., Inc., and John Beissel Co., which will become subsidiaries. In addition, stockholders of the company are selling 322,521 shares to the underwriters for public offering. **Price**—Preferred $103.50 a share; common $26.50 a share. **Proceeds**—Net proceeds to the company will be used to redeem unexchanged shares of 6% preferred at 110% and for increasing general corporate funds.

California Oregon Power Co.
May 24 filed 312,000 shares of common stock (no par). Stock will be sold through competitive bidding. **Underwriters**—Names by amendment. Probable bidders include Blyth & Co., Inc.; The First Boston Corp.; Harriman Ripley & Co. **Offering**—Stock is being sold by Standard Gas and Electric Co., parent, of California. **Bids Rejected**—Standard Gas & Electric Co. rejected June 25 two bids for the purchase of the stock as unsatisfactory. Blyth & Co., Inc., and First Boston Corp. bid of $28.33 a share, and Harriman Ripley & Co. bid of $24.031 a share. Stock will again be put up for sale when market conditions improve.

Camfield Mfg. Co., Grand Haven, Mich. (9/16-20)
July 29 filed 220,000 shares ($1 par) common stock. **Underwriters**—Kobbe, Gearhart & Co., Inc. **Offering**—Of the shares registered, 100,000 are issued and outstanding and will be sold to the underwriters by three stockholders at $4.50 a share for their own account. The remaining 120,000 shares are being offered by the company. Price $4.50 a share. **Proceeds**—Company's share to pay renegotiation refund in amount of $180,000 to the U. S. Government, and for additional working capital.

Canadian Admiral Corp. Ltd., Toronto (9/16/18)
July 8 filed 150,000 shares ($1 par) common stock. **Underwriter**—Dempsey & Co. **Offering**—Stock initially will be offered to common stockholders of Admiral Corp. at $3 a share. **Proceeds**—$75,000 is earmarked for purchase of machinery and equipment, and tools, jigs, dies and fixtures; balance will be available for corporate purposes.

Candego Mines, Ltd., Montreal, Canada
May 31 filed 500,000 shares of common stock (par $1). **Underwriters**—Sabiston-Hughes, Ltd., Toronto. **Offering**—Shares will be offered to public at 75 cents a share. **Proceeds**—Net proceeds, estimated at $300,000, will be used for mining operations. **Business**—Exploring for ore.

• Carley Trailer & Equipment Co. College Park, Ga.
Aug. 23 (letter of notification) 20,000 shares of common stock and 4,000 shares of 5% preferred stock. No underwriting. **Offering**—Prices $25 a share for the preferred and $5 a share for the common. Proceeds for payment of bank loans and additional working capital. [Filing of Aug. 10 withdrawn.]

Carscor Porcupine Gold Mines, Ltd., of Toronto, Ontario
June 24 filed 400,000 shares of common stock. **Underwriter**—Registrant will supply name of an American underwriter by post-effective amendment. **Offering**—To the public at $1 a share in Canadian funds. **Proceeds**—For a variety of purposes in connection with exploration, sinking of shafts, diamond drilling and working capital.

Central Electric & Gas Co., Sioux Falls, S. D.
May 29 filed 35,000 shares of $2 cumulative preferred stock, series A (no par), but with a stated value of $50 a share, and 175,000 shares of common stock (par $1). **Underwriter**—Paine, Webber, Jackson & Curtis, Chicago. **Offering**—The stocks will be offered to the public at prices to be supplied by amendment. **Proceeds**—To pay off $3,000,000 loan from First National Bank Chicago and Harris Trust and Savings Bank, Chicago, balance working capital.

Central Illinois Public Service Co., Springfield, Ill.
Aug. 14 filed 150,000 shares ($100 par) cumulative preferred stock. **Underwriter**—To be determined by competitive bidding. Probable bidders include Dillon, Read & Co., Inc.; Smith, Barney & Co., White, Weld & Co.; Glore, Forgan & Co.; Lehman Brothers and Lazard, Freres & Co. (jointly). **Offering**—New preferred stock will be offered on a share for share exchange basis to holders of its old preferred stock other than the Middle West Corp. which holds 38,564 shares of such stock. If more than 150,000 shares of old preferred stock are deposited for exchange the number of shares to be exchanged will be pro rated. Shares of new preferred not issued in exchange will be sold to underwriters. **Proceeds**—Net proceeds from sale of shares not issued in exchange will be used to redeem old preferred at $110 a share and accrued dividends.

Central Louisiana Elec. Co., Inc., Alexandria, La.
July 24 filed 20,000 shares ($10 par) common stock. **Underwriting**—If underwriting agreement is made, names will be supplied by amendment. **Offering**—The shares will be offered for subscription to common stockholders at the rate of one share for each four held. Unsubscribed shares, to the extent of 1,500 shares, will be offered to company officers, directors and employees. Any remaining shares will be sold to underwriters. Price by amendment. **Proceeds**—For payment of a $200,000 bank loan and for construction purposes.

Central Soya Co., Inc., Fort Wayne, Ind. (9/17)
August 21 filed $4,000,000 3% sinking fund debentures. Due 1966, and 90,000 shares (no par) common. **Underwriters** — Glore Forgan & Co., Chicago. **Offering** — Debentures will be offered publicly. Common shares initially will be offered for subscription to common stockholders at rate of one share for each 7⅓ shares held. Unsubscribed shares will be sold to underwriters. Price by amendment. **Proceeds**—Of net proceeds company will use $2,132,000 exclusive of accrued interest, for redemption of outstanding 3¼% sinking fund debentures, Due 1951. And $858,500 exclusive of accrued interest, for payment of bank loans. Balance will be added to working capital.

Central Steel & Wire Co., Chicago
August 19 (letter of notification) common stock (par $5) not to exceed a total price to the public of $100,000; 3,846 shares at an estimated price on behalf of Mandel Lowensteine, President of the company, of $26 a share. Offering price at market. **Underwriter**—Paul H. Davis & Co. will act as broker in distribution of the stock from time to time. Proceeds go to the selling stockholder.

Century Electric Co., St. Louis, Mo.
Aug. 7 (letter of notification) 25,941 shares of $10 par common. **Offering**—Price minimum of $10 a share. No underwriting. For working capital.

• Chiptea Gold Hill, Inc., Denver, Colo.
Aug. 22 (letter of notification) 2,000,000 shares (10c par) Class A stock. No underwriting. **Offering**—Price 10 cents a share. Proceeds for mining operations and working capital.

Cincinnati (O.) Gas & Electric Co. (9/10-11)
July 25 filed 2,040,000 shares ($8.50 par) common stock. **Underwriters**—Blyth & Co., Inc., and The First Boston Corp. **Offering**—Shares are offered for subscription to common stockholders of Columbia Gas & Electric Corp. of record Aug. 22 at the rate of one share for each six held. Rights will expire Sept. 9. Unsubscribed shares will be sold to underwriters. Price $26 per share. **Proceeds**—Columbia Gas & Electric Corp. will receive proceeds.

• Climax Industries, Inc., Chicago
Aug. 28 filed 150,000 shares 5% convertible cumulative preferred ($10 par) and 250,000 shares ($1 par) outstanding common stock. **Underwriter**—Brailsford & Co. **Offering**— company is offering the preferred and General Finance Corp., issuer's sole stockholder, is offering the common for its own account. Prices by amendment. Proceeds of preferred to pay company's indebtedness to General Finance Corp., purchase equipment and real estate and for additional working capital. **Business** — Organized by General Finance Corp., to expedite sales facilities for its manufacturing divisions.

Clinton Industries, Inc., St. Louis
June 19 filed 60,000 shares of capital stock (par $1). **Underwriters**—No underwriters. **Offering**—The shares will be offered to executives and key employees of company upon the exercise of options for purchase of such stock. **Price**—Options already issued provide for the purchase of the capital stock at $16.66⅔ a share. **Proceeds**—To be added to general funds.

Colonial Sand & Stone Co., Inc., N. Y. (9/16-27)
August 15 filed 300,000 shares ($1 par) common stock. **Underwriters**—Emanuel, Deetjen & Co., New York. Price by amendment. **Proceeds**—Company will receive proceeds from the sale of 150,000 shares and Generoso Pope, President of company, who is selling the remaining 150,000 shares will receive proceeds from these shares. The company will use its proceeds for payment of mortgage notes, open account indebtedness and for purchase of additional equipment. Any balance will be added to working capital.

Colorado Milling & Elevator Co., Denver, Colo. (9/17)
Aug. 20 filed 70,000 shares ($50 par) cumulative convertible preferred stock. **Underwriter**—Union Securities Corp., New York. Price by amendment. **Proceeds**—Prior to the proposed issue of preferred stock, the company plans to call its $3 cumulative convertible preferred stock for redemption at $55 a share plus accrued dividends. Funds for the redemption will be supplied by a short term bank loan. Proceeds from the sale of preferred, together with other funds, will be used to repay the bank loan.

Columbia Aircraft Products Inc., Somerville, N. J. (9/18)
June 26 filed 150,000 shares ($4 par) 30c cumulative convertible preferred stock, convertible into common stock in the ratio initially of 1½ shares of common for

(Continued on page 1172)

(Continued from page 1171)

each share of preferred. **Underwriters**—Floyd D. Cerf Co., Inc., Chicago. **Offering**—Company offered 59,585⅓ shares for subscription to present common stockholders of record Aug. 6 at $4.50 a share in the ratio of one share of preferred for each share of common held. Rights expired Aug. 20. The offering to common stockholders excluded the two principal stockholders who waived their rights to subscribe. The remaining 90,414⅔ shares and any shares not subscribed to by common stockholders will be offered to the public through underwriters. **Price** — $5 a share. **Proceeds** — Approximately $55,000 for payment of Federal taxes; $250,000 for payment of a loan; $50,000 as a loan to Palmer Brothers Engines Inc., a subsidiary, balance working capital.

Columbia Gas & Electric Corp.

Aug. 8 filed $77,500,000 of debentures, due 1971, and $20,000,000 of serial debentures, due $2,000,000 on each Sept. 1, 1947 to 1956. **Underwriters**—To be determined by competitive bidding. Probable bidders include Morgan Stanley & Co.; Halsey, Stuart & Co., Inc.; The First Boston Corp.; Glore, Forgan & Co., ; W. E. Hutton & Co. for both issues and Salomon Brothers & Hutzler; Shields & Co., and Dick & Merle-Smith (jointly) for the serial debentures. Price by amendment. Proceeds from the sale of the debentures and sale of common stock of Cincinnati Gas & Electric Co. will be used to redeem 941,820 shares of cumulative 6% preferred stock, series A, at $110 a share; 38,695 shares of cumulative preferred stock, 5% series, at $105 a share; and 121,849 shares of 5% cumulative preference stock, at $100 a share.

Commonwealth Aviation Corp., New York

June 28, 1946 filed 150,000 shares ($10 par) 4½% cumulative convertible preferred stock and 300,000 shares ($1 par) common stock. **Underwriters**—To be supplied by amendment. **Price**—$12 a share of preferred and $7 a share of common. **Proceeds**—Estimated net proceeds of $3,420,000 will be used for working capital.

Commonwealth Investment Co., San Francisco

Aug. 8 filed 250,000 shares ($1 par) common stock. **Underwriter:** North American Securities Co., San Francisco. **Price**—At market. **Proceeds**—For investment. **Business**—Investment house.

Consolidated Air Transit, Inc., East Orange, N. J.

July 29 (letter of notification) $100,000 7% cumulative (non-convertible) preferred stock and $100,000 class B common stock. No underwriter at present, but one expected. Price, $50 for preferred and $3 for common. **Proceeds**—For purchase of equipment and for operating capital.

Consolidated Hotels, Inc., Los Angeles

Aug. 9 filed 97,363 shares ($25 par) 4½% convertible preferred stock and 150,000 shares (50c par) common. **Underwriter**—Lester & Co., Los Angeles. **Price**—$25 a share of preferred and $9 a share of common. **Proceeds**—Of the total, the company will receive proceeds from the sale of 851 shares of preferred. The remaining shares of preferred and all of the common are being sold by Ben Weingart, President and director. Company will add the proceeds to working capital.

Consumers Power Co., Jackson, Mich.

Aug. 9 filed an unspecified number of shares (no par) common stock. **Underwriters**—To be determined by competitive bidding. Probable bidders include Morgan Stanley & Co.; Lehman Brothers; Shields & Co.; Harriman Ripley & Co. and The First Boston Corp. (jointly). **Price** by amendment. **Proceeds**—Consumers proposes to increase its authorized common stock (no par) from 2,000,000 shares to 6,000,000 shares. It will issue 3,623,432 shares to its parent, The Commonwealth & Southern Corp., in exchange for 1,811,716 shares of its common owned by Commonwealth. It will offer to the public through competitive bidding such number of additional shares of common as will produce net cash proceeds of $20,000,000. Such proceeds will be used for acquisition of property, construction or improvement of facilities or other corporate purposes. The company has property additions, estimated to cost more than $53,000,000, now under construction.

Continental Motors Corp., Muskegon, Mich.

July 8 filed 250,000 shares 4¼% cumulative convertible preferred stock, Series A ($50 par). **Underwriters**—Van Alstyne, Noel & Co. **Offering**—Price by amendment. **Proceeds**—For rearrangement and expansion of the company's manufacturing plants, acquisition of additional tools and facilities, and for additional working capital requirements.

Continental-United Industries Co., Inc., N. Y.

Aug. 2 filed 80,000 shares of cumulative sinking fund preferred stock ($25 par) and 350,000 shares ($1 par) common. **Underwriters**—W. C. Langley & Co. and Aronson, Hall & Co. Price by amendment. **Proceeds**—$1,510,833 to repay notes and obligations; $1,600,000 to purchase U. S. Treasury savings notes to fund to that extent current liability of company for Federal taxes, and balance to working capital.

Cooper Tire & Rubber Co., Findlay, O.

July 17 filed 60.000 shares ($25 par) 4½% cumulative convertible preferred. **Underwriters**—Otis & Co. and Prescott & Co., Inc. **Offering**—To the public. **Price**—$25 a share. **Proceeds**—Estimated net proceeds of $1,858,000 will be used to redeem its outstanding 4% debentures, due 1967, to pay certain debts and for additional equipment, manufacturing space and working capital.

Copco Steel & Engineering Co., Detroit

Aug. 19 filed 115,000 shares ($1 par) common. **Underwriter**—E. H. Rollins & Son, Inc., New York. Price by amendment. **Proceeds**—Of the shares being offered company is selling 100,000 shares and 15,000 shares are being sold by a stockholder. The company will use its proceeds to provide additional factory space and purchase machinery and equipment and to construct a new office building. The balance will be added to working capital.

Copper State Life Insurance Co., Tucson, Ariz.

August 9 (letter of notification) 2,000 shares ($100 par) class B preferred. Offering price, $150 a share. Underwriter not named. For setting up legal reserve for operation of life insurance business.

Crawford Clothes, Inc., L. I. City, N. Y. (9/9-13)

Aug. 9 filed 300,000 shares ($5 par) common stock. **Underwriters**—First Boston Corp., New York. Price by amendment. **Proceeds**—Go to Joseph Levy, President, selling stockholder.

Cyprus Mines, Ltd., Montreal, Canada

May 31 filed 500,000 shares of common stock (par $1). **Underwriters**—Sabiston-Hughes, Ltd., Toronto. **Offering**—Shares will be offered to the public at 75 cents a share. **Proceeds**—Net proceeds, estimated at $300,000, will be used for mining operations. **Business** — Exploring for ore.

Danly Machine Specialties, Inc., Cicero, Ill.

July 26 filed 60,000 shares ($25 par) 5% cumulative preferred stock, with warrants attached for purchase of 60,000 common shares, and 130,000 shares of common stock (par $2). **Underwriters**—Paul H. Davis & Co., and Shillinglaw, Bolger & Co., Chicago. **Offering**—Of the total common 60,000 shares are reserved for issuance upon exercise of warrants. Price by amendment. **Proceeds**—Company will receive proceeds from the sale of the preferred shares and from the sale of 30,000 shares of the common. Company will use proceeds, together with a $1,000,000 bank loan, to purchase machinery, buildings and equipment and to retire bank indebtedness.

● Danish American Enterprises Inc., New York

Aug. 23 (letter of notification) 1,900 shares 6% cumulative preferred stock ($10 par), and 190 shares (no par) common, to be offered in units of 10 shares of preferred and one share of common. No underwriting. Price $100 a unit. Proceeds for working capital.

Delta Collieries Corp., Indianapolis, Ind.

Aug. 7 (letter of notification) $300,000 5½% sinking fund debentures. **Underwriter**—City Securities Corp. **Offering**—Price $97 and interest. For purchase of equipment.

● Deluxe Check Printers, Inc., St. Paul

Aug. 23 (letter of notification) 5,900 shares ($10 par) common. No underwriting. **Offering**—Price $50 a share. Proceeds to replace present machinery, purchase additional machinery and expansion of plant.

Denver Tramway Corp., Denver, Colo.

August 12 (letter of notification) 2,450 shares ($100 par) preferred on behalf of Alonzo Petteys, a director. Offering price, $40.50 a share. **Underwriters** — Headed by Boettcher and Co., Denver. Proceeds go to the selling stockholder.

Derby Gas & Electric Corp., New York

June 19 filed 20,066 shares (no par) common stock. **Underwriters**—No underwriters were named and there was no indication that there would be any. **Offering**—Common stockholders of record July 30 are given the right to subscribe to the stock at $23 per share. Rights expire Aug. 9. **Proceeds**—Proceeds, together with other funds, will be applied as loans to the company's three Connecticut subsidiaries: Derby Gas & Electric Co.; Wallingford Gas Light Co., and the Danbury and Bethel Gas and Electric Light Co.

Derby Oil Co., Wichita, Kans.

July 19 filed 131,517.3 shares ($8 par) common stock. **Underwriting**—H. M. Byllesby and Co., Inc., Chicago, and Nelson Douglass & Co., Los Angeles. Price by amendment. **Proceeds**—Part of the estimated net proceeds will be used to pay a bank loan. The remainder, with other funds, will be used to expand a drilling and exploration program.

Diamond T Motor Car Co., Chicago, Ill.

March 29 filed 60,000 shares of common stock (par $2). Shares are being sold by certain stockholders. **Underwriters**—Hallgarten & Co. **Offering**—Price based on market For details see issue of April 4.

Dictaphone Corp., New York

July 25 filed 65,347 shares (no par) common stock. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York. **Offering**—Stock will be offered to stockholders at rate of one-half share for each share held. Unsubscribed shares will be sold to underwriters. Price by amendment. **Proceeds**—To be added to general funds. Temporarily postponed.

● Disposable Bottle Corp., Washington, D. C.

Aug. 16 (letter of notification) 150 shares (no par) common and 150 shares of preferred. Offering price, $200 a unit, consisting of one share of common and one share of preferred. No underwriting. For expansion of company's business in pediatric devices.

Drayer-Hanson, Inc., Los Angeles (9/23-27)

Aug. 12 filed 80,529 shares ($1 par) class A stock, convertible into common stock (par $1). **Underwriters**—Maxwell, Marshall & Co., Los Angeles. **Price**—To public $10.25 a share. **Proceeds**—Net proceeds, estimated at $694,761, will be used to pay off loans and accounts payable.

El Canada Colombia Mines Co., Boston

July 26 filed 550,000 shares of capital stock (par $1). Of the total 400,000 shares would be issued at $1 per share to secured and unsecured creditors of El Canada Mines Syndicate, noteholders and stockholders of El Canada Mines Co. Ltd. and stockholders of El Canada Gold Mines Corp. and El Canada Mines, Inc., in exchange for certain mining claims. The balance, 150,000 shares, would be sold to public at $1.25 per share through underwriters, to be named by amendment.

Electronic Laboratories, Inc., Indianapolis, Ind.

July 29 filed 140,000 shares ($1 par) common stock, of which 40,000 shares are being sold by two stockholders. **Underwriters**—By amendment. May be placed privately. Price by amendment. **Proceeds**—From sale of company's 100,000 shares for purchase of inventory, payrolls, and working capital.

Elkhorn Mining Co., Boulder, Mont.

Aug. 14 (letter of notification) 100,000 shares of common. Offering price, 20¢ a share. No underwriting. **Proceeds**—For repayment of cash, mine development and operation and other expenses.

● Empire Millwork Corp., New York

Aug. 28 filed 50,000 shares of $1.25 cumulative convertible preferred stock, (par $25) and 150,000 shares of common stock (par $1). **Underwriters**—Van Alstyne, Noel & Co. **Proceeds**—Corporation will receive the proceeds from the issuance of 50,000 shares of the common stock which will be used to increase productive capacity, add new lines of products and expand the business. The remaining 100,000 shares of common stock and the preferred shares will be sold by present stockholders. **Business**—Manufacturer and jobber of millwork. The millwork which company manufactures and jobs consists of doors, sashes, window frames, door frames, cabinets, and other wood products.

Engineers Waterworks Corp., Harrisburg, Pa.

June 24 (letter of notification) $275,000 4% debentures due 1971. **Underwriters**—C. C. Collings & Co., and Stroud & Co., Inc., Philadelphia. Price, $101. Proceeds for purchase of additional water properties or their securities and for other corporate purposes.

Fashion Frocks, Inc. (9/5-6)

July 24 filed 200,000 shares ($1 par) common stock. **Underwriter**—Van Alstyne, Noel & Co. **Offering**—Offering does not constitute new financing but is a sale of currently outstanding shares owned by members of the Meyers family, owner of all outstanding stock. After giving effect to the sale and assuming exercise of certain warrants and an option, the Meyers family will retain ownership of approximately 58% of the common stock.

● Fate-Root-Heath Co., Plymouth, O.

Aug. 20 (letter of notification) 7,604 shares ($1 par) common on behalf of the company and 6,896 shares on behalf of selling shareholders. **Offering**—Price $14.50 a share. **Underwriter**—Livingston, Williams & Co., Inc.; First Cleveland Corp.; and Cunningham & Co. Company will use its proceeds for purchase of additional machinery and equipment, plant improvement and other corporate purposes.

Fidelity & Guaranty Fire Corp., Baltimore

Aug. 14 filed 100,000 shares ($10 par) capital stock. **Underwriter**—United States Fidelity & Guaranty Co. of Baltimore has entered into an agreement with the company to purchase at $40 a share any of the stock not subscribed to by stockholders. **Offering**—Stock will be offered for subscription to stockholders at $40 a share. **Proceeds**—Proceeds will be used to increase the capital and surplus of the company.

Fidelity System, Inc., Newark, N. J.

Aug. 15 (letter of notification) 1,250 shares of 6% cumulative preferred ($100 par). Offering price, $100 a share. **Underwriters**—Maurice Welch, Belleville, N. J., and M. H. Secor, East Orange, N. J. **Proceeds**—For the purchase of real property, chemical equipment, salaries, advertising and sales promotion of the products Fidel-X Termite Kill, Fidel-X Mothproofing Compound and others to be developed under the trade name Fidel-X.

Films Inc., New York (9/20)

June 25, filed 100,000 shares ($5 par) class A stock and 300,000 shares (10 cent par) common stock, of which 200,000 shares reserved for conversion of class A. Each share of class A stock is initially convertible into 2 shares of common stock. **Underwriters**—Herrick, Waddell & Co., Inc., New York. **Offering**—To be offered publicly at $8.10 a unit consisting of one share of class A stock and one share of common stock. **Proceeds**—$201,000 for retirement of 2,010 shares ($100 par) preferred stock at $100 a share; remaining proceeds, together with other funds, will be used for production of educational films.

● Flag Hill Mines Co., Inc., Wenatchee, Wash.

Aug. 19 (letter of notification) 348,402 shares of common. Offering price, 25 cents a share. Underwriting, by officers and directors of company. For mine development.

New Issue Calendar

(Showing probable date of offering)

August 29, 1946

Pittston Co. .... Debentures

September 3, 1946

Blum (Philip) & Co., Inc. .... Common
Briggs & Stratton Corp. .... Capital Stock
Gloria Vanderbilt Corp. .... Common
Greens Ready Built Homes, Inc. .... Common
Grolier Society, Inc. .... Preferred
Gulf Mobile & Ohio RR. ... Equip. Trust Certificates
Morrison-Knudsen Co. .... Pref. and Common
Rowe Corp. .... Common
Velvet Freeze, Inc. .... Common

September 4, 1946

American Time Corp. .... Common
Mountain States Power Co. (10:30 a.m. CST) Common
Southern Ref. (12 noon EDST) .. Equip. Trust Ctfs.

September 5, 1946

Arkansas Western Gas Co. .... Common
Fashion Frocks, Inc. .... Common
Hammond Instrument Co. .... Common
Michigan Steel Casting Co. .... Common
Nugent's National Stores, Inc. .... Common
O'Okiep Copper Mining Co. .... Am. Shares
Sun Chemical Corp. .... Debentures
Taylor Graves, Inc. .... Pfd. and Common

September 6, 1946

Scovill Mfg. Co. .... Pfd. and Common

September 9, 1946

Alrovox Corp. .... Debs. and Common
Airline Foods Corp. .... Debs and Preferred
Ben-Hur Products Co. .... Debentures
Brown & Bigelow .... Pref. and Common
Crawford Clothes, Inc. .... Common
Sardik Food Products Corp. .... Capital Stock
Scupto, Inc. .... Pfd. and Common
Solar Mfg. Co. .... Preferred

September 10, 1946

Cincinnati Gas & Elec. Co. .... Common
Food Fair Stores, Inc. .... Preferred
Forest City Mfg. Co. .... Common
Jensen Mfg. Co. .... Common
Metal Forming Corp. .... Common
Red Rock Bottling Co. of Youngstown .... Common

September 16, 1946

Allis-Chalmers Mfg. Co. .... Preferred
Brown & Bigelow .... Common
Canadian Admiral Corp., Ltd. .... Common
Colonial Sand & Gravel Co. .... Common
Fownes Brothers & Co., Inc. .... Capital Stock
Glen Industries, Inc. .... Pfd. and Common
Murphy (G. C.) Co. .... Common
Plastic Modeled Arts, Inc. .... Pfd. and Common
Rheem Mfg. Co. .... Common
Steep Rock Iron Mines, Ltd. .... Capital Stock
Tampa Electric Co. .... Bonds
West Virginia Water Service Co. .... Common

September 17, 1946

Central Soya Co., Inc. .... Debs. and Common
Colorado Milling & Elevator Co. .... Preferred

September 18, 1946

Columbia Aircraft & Products, Inc. .... Preferred

September 20, 1946

Films, Inc. .... Class A and Common

September 23, 1946

Drayer-Hanson, Inc. .... Cl. A Stock
Foreman Fabrics Corp. .... Common
Newburgh Steel Co., Inc. .... Pref. and Common

October 1, 1946

American Locomotive Co. .... Preferred

Flying Freight Inc., New York
May 6 filed 300,000 shares common stock (par $1). **Underwriters**—J. F. Reilly & Co., Inc., and Courts & Co. **Offering**—Price to public $3.50 per share. **Proceeds**—Proceeds will be used for the purchase of six land planes, ten flying boats, reconditioning of flying boats and working capital.

Food Fair Stores, Inc., Philadelphia (9/10)
Aug. 5 filed 60,000 shares ($15 par) cumulative preferred stock. **Underwriters**—Eastman, Dillon & Co. Price by amendment. **Proceeds**—To be used to redeem 15-year 3½% sinking fund debentures, due 1959; and $2.50 cumulative preferred at $53 a share. Balance will be added to working capital.

Foreman Fabrics Corp., New York (9/23-27)
July 29 filed 110,000 shares ($1 par) common stock, all outstanding. **Underwriters**—Cohu & Torrey. Price by amendment.

Forest City Mfg. Co., St. Louis (9/10-13)
June 17, filed 280,000 shares ($1 par) common stock. **Underwriters**—Peltason, Tenenbaum Co., St. Louis. **Offering**—Shares will be offered publicly at $11.25 a share. **Proceeds**—Net proceeds go to the selling stockholders.

Foster & Kleiser Co., San Francisco
July 29 filed 100,000 shares of cumulative preferred stock (par $25). **Underwriter**—Blyth & Co., Inc. **Proceeds**—Approximately $1,060,950 for redemption of class A preferred; balance for expansion, working capital, etc. Dividend rate and price by amendment

● **488 East 74th Street, Inc., New York**
Aug. 23 Rachelle Knight and Edward J. Knight filed letter of notification for 256 shares (no par) common. No underwriting. Prices vary from $2,500 to $6,000 per unit of a co-operative apartment building. Proceeds to sellers.

Fownes Brothers & Co., Inc., N. Y. (9/16-20)
Aug. 6 filed 100,000 shares ($1 par) capital stock. **Underwriter**—Van Alstyne, Noel & Co., New York. Price by amendment. **Proceeds**—The shares are issued and outstanding and are being sold by Ivens Sherr, President and A. I. Sherr, Executive Vice-President, who will receive proceeds.

General Bronze Corp., L. I. City
July 26 filed 115,000 shares of cumulative convertible preferred stock ($25 par). **Underwriters**—W. C. Langley & Co. and Aronson, Hall & Co. Price by amendment. **Proceeds**—To pay cost of acquisition, construction and equipment of new plant, and for working capital.

Glen Industries Inc., Milwaukee, Wis. (9/16-20)
July 31 filed 50,000 shares of $1.25 cumulative convertible preferred stock series A ($20 par) and 150,000 shares (10c par) common, all issued and outstanding and being sold by eight selling stockholders. **Underwriters**—Van Alstyne Noel & Co. Price by amendment. **Proceeds**—To selling stockholders. **Business**—Manufacturers of junior miss wearing apparel.

Gloria Vanderbilt Corp., New York (9/3-4)
Aug. 5 filed 300,000 shares ($1 par) common. **Underwriter**—Elder, Wheeler & Co., New York. **Price**—$3 a share. **Proceeds**—Estimated net proceeds of $727,000 will be used for remodelling and equipping a manufacturing plant, for purchase of inventory and for financing a promotional campaign. **Business**—Manufacture of cosmetics.

Gordon Mail Order Co., Inc., Baltimore, Md.
Aug. 12 (letter of notification) 22,500 shares of common and 3,000 shares of preferred. **Offering**—Price $2 a common share and $5 a preferred share. No underwriting. For continued sale and distribution of general merchandise.

Greens Ready Built Homes Inc., Rockford, Ill. (9/3-13)
July 2 filed 350,000 shares ($1 par) common stock. **Underwriters**—R. H. Johnson & Co., New York, and Shillinglaw, Bolger & Co., Chicago. **Offering**—Price, $3.50 a share. **Proceeds**—Net proceeds will be used partly for working capital and to pay for production equipment now being acquired by the company.

Grolier Society, Inc., New York (9/3-6)
July 29 filed 18,500 shares at $4.25 cumulative preferred stock ($100 par), with non-detachable common stock purchase warrants entitling registered holders of shares of the $4.25 preferred to purchase at any time 64,750 shares of common stock at $16 a share at the ratio of 3½ common shares for each preferred share held; and 120,000 shares of $1 par common stock. **Underwriters**—H. M. Byllesby and Co., Inc. **Offering**—Underwriters to purchase from the company 18,500 shares of preferred and 20,000 shares of common; and from Fred P. Murphy and J. C. Graham, Jr., 100,000 shares of issued and outstanding common. Prices, preferred $100 a share; common $14 a share. **Proceeds**—To retire $6 cumulative preferred, pay notes, discharge a loan.

Gubby Mines, Ltd., Montreal, Canada
May 31 filed 500,000 shares of common stock (par $1). **Underwriters**—Sabiston-Hughes, Ltd., Toronto. **Offering**—Shares will be offered to public at 75 cents a share. **Proceeds**—Net proceeds, estimated at $300,000, will be used for mining operations. **Business**—Exploring for ore.

Gulf Atlantic Transport'n Co., Jacksonville, Fla.
Jan. 17 filed 270,000 shares of common stock (par $1). **Underwriters**—Blair & Co. **Offering**—Stock is being offered to present shareholders at $3 per share. Holders of approximately 200,000 shares have agreed to waive their preemptive rights.

● **Gustav Blum, 1425 Broadway, New York, N. Y.**
Aug. 23 (letter of notification) 400 units of pre-organizational certificates. No underwriting. **Offering**—Price $100 a unit. Proceeds will be used for the Broadway production of a play entitled "Roger VI."

Hammond Instrument Co., Chicago (9/5)
Aug. 8 filed 80,000 shares ($1 par) common. **Underwriter**: Paul H. Davies & Co., Chicago. Price by amendment. **Proceeds**—Net proceeds will be used to redeem its outstanding 6% cumulative preferred stock at an estimated cost of $213,258, exclusive of accrued dividends. It also will use approximately $402,000 toward the purchase of a manufacturing plant in Chicago. The balance will be added to working capital.

Hartfield Stores, Inc., Los Angeles
June 27 filed 100,000 shares ($1 par) common stock. **Underwriters**—Van Alstyne, Noel & Co., New York, and Johnston, Lemon & Co., Washington, D. C. **Offering**—To be offered to the public at $8 a share. **Proceeds**—Company is selling 60,000 shares and stockholders are selling 40,000 shares. The company will use its proceeds to pay the costs of opening additional stores and to expand merchandise in its existing stores.

Haskelite Mfg. Corp., Grand Rapids
July 26 filed $1,400,000 15-year 4½% sinking fund debentures due 1961, and warrants with each debenture for purchase of a maximum of 30 shares of $5 par common. **Underwriters**—Brailsford & Co., Chicago. Offering price, 100. **Proceeds**—Of the $1,285,562 estimated net proceeds, company will use $750,000 to purchase preferred stock of Humboldt Plywood Corp., an Oregon corporation, and $75,000 to buy equipment. Any balance will be added to working capital.

Hayes Manufacturing Corp., Gr. Rapids, Mich.
Feb. 27 filed 185,000 shares of common stock ($2 par). Shares are being sold by certain stockholders. Stock acquired by selling stockholders in exchange for 432,000 shares of common stock (par $3) of American Engineering Co. **Underwriter**—By amendment. **Offering**—Price by amendment.

Holt (Henry) & Co., Inc., New York
June 28, 1946 filed 20,000 shares of 4½% ($25 par) cumulative convertible preferred stock and 33,884 shares ($1 par) common stock. **Undrewriters**—Otis & Co., Cleveland, Ohio. **Offering**—Company is selling the preferred shares and stockholders are selling the common shares. **Price**—$25 a share of preferred. Price for the common by amendment. **Proceeds**—Net proceeds will be added to general funds.

Idaho Calcium Corp., Mountain Home, Ida.
Aug. 8 (letter of notification) 150,000 shares ($100 par) preferred and 37,500 shares of $1 par common. **Offering**—Price $125 a unit consisting of one preferred share and 25 common shares. No underwriting. For development of mining claims.

Illinois Power Co., Decatur, Ill.
June 17, filed 200,000 shares ($50 par) cumulative preferred stock and 966,870 shares (no par) common stock. **Underwriters**—By competitive bidding. Probable bidders include Blyth & Co., Inc. and Mellon Securities Corp. (jointly) and Morgan Stanley & Co. and W. E. Hutton & Co. (jointly). **Proceeds**—Net proceeds from the sale of preferred will be used to reimburse the company's treasury for construction expenditures. Net proceeds from the sale of common will be applied for redemption of 5% cumulative convertible preferred stock not converted into common prior to the redemption date. The balance will be added to treasury funds.

Jensen Manufacturing Co., Chicago (9/10)
July 24 filed 148,176 shares ($1 par) common stock. **Underwriter**—Doyle, O'Connor & Co., Chicago. **Price**, $8.87½ a share. **Proceeds**—Shares are being sold by two stockholders who will receive net proceeds.

● **Lientz (E. C.) & Co., Inc., Los Angeles**
Aug. 23 (letter of notification) 20,000 shares of capital stock. No underwriting. **Offering**—Price 50 cents a share. Proceeds for operating and general expenses.

Lime Cola Co., Inc., Montgomery
June 28, 1946 filed 225,000 shares (10 cent par) common stock. **Underwriters**—Newburger and Hano, Philadelphia, and Kobbe Gearhart & Co., Inc., New York. **Price**—$5.50 a share. **Proceeds**—Working capital.

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Liquid Conditioning Corp. of New York
July 3 filed 70,600 shares ($10 par) class A common stock. **Underwriters**—No underwriting. **Offering**—Price, $10 a share. **Proceeds**—Proceeds will be used to pay for its temporary quarters in New York, for furniture and fixtures, equipment and other corporate purposes.

Mada Yellowknife Gold Mines, Ltd., Toronto
June 7 filed 250,000 shares of capital stock (par 40c). **Underwriters** — Names to be supplied by amendment. **Offering**—Stock will be offered publicly in the U. S. at 40c a share (Canadian money). **Proceeds**—Proceeds, estimated at $75,000, will be used in operation of the company. **Business**—Exploring and developing gold mining properties.

Maine Public Service Co., Preque Isle, Me.
June 25 filed 150,000 shares ($10 par) capital stock. **Underwriters**—To be determined through competitive bidding. Probable bidders include The First Boston Corp.; Kidder, Peabody & Co., and Blyth & Co., Inc. (jointly); Harriman Ripley & Co; Coffin & Burr and Merrill Lynch, Pierce, Fenner & Beane. **Proceeds**—The shares are being sold by Consolidated Electric and Gas Co., parent of Maine Public Service, in compliance with geographic integration provisions of the Public Utility Holding Company Act.

Marcel Rodd, Inc., Hollywood, Calif.
July 31 (letter of notification) 100,000 shares (10c par) common and 35,000 common stock purchase warrants. **Offering**—Price $2 a common share, and one cent a warrant. **Underwriter**—L. D. Sherman & Co., New York. For working capital. Temporarily postponed.

● **May McEwen Kaiser Co., Burlington, N. C. (9/10)**
Aug. 22 filed 175,418 shares ($1 par) common stock. **Underwriters**—Goldman, Sachs & Co., and Hemphill, Noyes & Co. **Price**—By amendment. **Proceeds**—Net proceeds go to 11 shareholders who are selling the stock being registered. **Business**—Manufacture of women's hosiery.

● **Merrick Air Facilities Inc., Rockville Centre, N. Y.**
Aug. 21 (letter of notification) $100,000 of class A ($10 par) stock and $20,000 of class B ($1 par) stock. No underwriters. To be offered in units of one share of each share at $11 a unit. Proceeds to equip and maintain an airfield.

Metal Forming Corp., Elkhart, Ind. (9/10)
July 29 filed 60,000 shares ($1 par) common stock. **Underwriter**—First Colony Corp. **Offering**—For the benefit of 11 selling stockholders. Price, $7.50 a share.

● **Metal-Glass Products Co., Belding, Mich.**
Aug. 20 (letter of notification) 175,000 shares ($1 par) common and 25,800 shares of the same which may be issued in exchange for 2,580 shares of its 6% cumulative preferred ($10 par). **Offering**—Price, $1.25 a share. **Underwriter**—Carr & Co., Detroit. To reduce bank loans, retire mortgage securing them and for additional working capital.

Michigan Gas & Elec. Co., Ashland, Wis.
June 24 filed $3,500,000 of series A first mortgage bonds, due 1976; 14,000 shares ($100 par) cumulative preferred stock and 120,000 shares ($10 par) common stock. **Underwriters**—To be determined by competitive bidding. Probable bidders include Blyth & Co., Inc.; Kidder, Peabody & Co.; The First Boston Corp.; Harris, Hall & Co. (Inc.); Merrill Lynch, Pierce, Fenner & Beane, and Ira Haupt & Co. **Offering**—New preferred will be offered on a share for share exchange basis to holders of its outstanding 7% prior lien, $6 no-par prior lien, 6% preferred and $6 (no par) preferred. Of the common stock being registered, company is selling 40,000 shares, Middle West is selling 57,226 shares and Halsey, Stuart & Co. Inc., New York, is selling 22,774 shares. **Proceeds**—Michigan will use net proceeds from bonds to redeem $3,500,000 3¾% series A first mortgage bonds, due 1972, at 106.75 and interest. Net proceeds from sale of common and from shares of new preferred not issued in exchange will be used to redeem $375,000 3½% serial debentures, due 1951, at 101.2 and interest. It also will redeem at 105 and accrued dividends all unexchanged shares of prior lien and preferred stocks.

Michigan Steel Casting Co., Detroit (9/5)
June 27 filed 100,000 shares ($1 par) common stock. **Underwriters**—Cray, McFawn & Co., Detroit. **Offering**—To be offered publicly at $8.25 a share. **Proceeds**—Purchase additional facilities, expansion, etc.

Mississippi Fire, Casualty & Surety Corp.
August 19 (letter of notification) 14,000 shares ($10 par) common stock, offering price $20 a share. **Underwriter**—Clany M. Seay, Jackson, Miss. will undertake to obtain signatures authorizing subscriptions for the stock to create capital and surplus for operation of business. Company is to be organized in Mississippi.

Morrison-Knudsen Co., Inc., Boise, Idaho (9/3-13)
July 22 filed 249,550 shares ($10 par) common and 70,000 shares of ($50 par) 4½% cumulative convertible preferred. **Underwriter**—Blyth & Co., Inc., and Wegener & Daly, Inc. **Proceeds**—Selling stockholders are offering 149,550 shares of the common and will receive proceeds from these shares. The company's proceeds, together with funds to be provided from the sale of $2,000,000 of 3½% debentures, due 1961, will be used to retire its certificates of indebtedness, outstanding preferred stock and a portion of its bank loans. It also will use the funds for investment in preferred stocks of subsidiaries.

● **Montana Silver Star Mines, Inc., Helena, Mont.**
Aug. 23 (letter of notification) 500,000 shares of common non-assessable capital stock. **Underwriter**—L. F. Hachez and Co., Spokane, Wash. **Offering**—Price 12½ cents a share. Proceeds for exploration, drilling, equipment, etc.

Mountain States Power Co. (9/4)
June 6 filed 140,614 shares of common stock (no par). **Underwriters**—To be determined by competitive bidding. Probable bidders include Blyth & Co., Inc.; Kuhn, Loeb & Co. and Smith Barney & Co. (jointly); Harriman, Ripley & Co.; The First Boston Corp. **Offering**—Shares, are owned by Standard Gas & Electric Co. and constitute 56.39% of the company's outstanding common. **Bids Invited**—Standard Gas & Electric Co. will receive bids for the purchase of the stock at Room 1117, 231 South La Salle St., Chicago 4, Ill., up to 10:30 a.m. CST (11:30 a.m. Chicago DST), on Sept. 4.

Murphy (G. C.) Co., McKeesport, Pa. (9/16-20)
June 13 filed 250,000 shares of common stock (par $1). **Underwriter**—Smith, Barney & Co. **Price** by amendment. **Proceeds**—Redemption of outstanding 4¾% preferred stock at $109 a share plus dividends.

National Alfalfa Dehydrating & Milling Co., Lamar, Colo.
June 28 filed 28,960 shares of 4½% cumulative preferred stock ($100 par), 250,000 shares of common stock ($1 par) and warrants for 28,960 common shares (attached to preferred stock). **Underwriters**—Stone & Webster Securities Corp., and Bosworth, Chanute, Loughridge & Co. Price by amendment. **Proceeds**—Shares are outstanding and are being sold by stockholders. Temporarily postponed.

National Manufacture and Stores Corp., Atlanta
June 12 (letter of notification) 8,500 shares of common stock. Offering price, $35 a share. **Underwriters**—Clement A. Evans & Co., Inc. **Proceeds**—For redemption of outstanding $2.50 class A non-cumulative stock. Postponed indefinitely.

Newburgh Steel Co., Inc., Detroit (9/23-27)
Aug. 2 filed 30,000 shares of 6% cumulative convertible preferred (par $10), and 30,000 common sares ($1 par). **Underwriters**—O'Connell & Janareli, New York. **Offering**—Shares are issued and outstanding and are being sold by Maurice Cohen and Samuel Friedman, President and Secretary-Treasurer, respectively, each selling 15,000 shares of preferred and 15,000 shares of common. **Price**—$10 a share for the preferred and $6 a share for the common.

New England Gas and Electric Association
July 11 filed $22,500,000 20-year collateral trust sinking fund Series A bonds, and a maximum of 1,568,980 common shares ($5 par). **Underwriters**—By amendment. Bidders may include Halsey, Stuart & Co. Inc. (bonds only), Bear, Stearns & Co. (stock only), First Boston Corp., White, Weld & Co.-Kidder, Peabody & Co. (jointly). **Offering**—Bonds and common stock are being offered in connection with a compromise recapitalization plan approved by the SEC, on June 24, 1946, which among other things provides for the elimination of all outstanding debentures and preferred and common stocks, and for the issuance of $22,500,000 of bonds and 2,300,000 of new common shares. Price by amendement. **Proceeds**—To retire outstanding securities, aggregating $34,998,-500. Bids for the purchase of the bonds and the common stock which were to be received by the company Aug. 13 were withdrawn Aug. 12. Sale postponed indefinitely.

● **North American Acceptance Corp., Philadelphia**
Aug. 22 (letter of notification) 11,600 shares Class A stock. **Underwriter**—W. H. Bell & Co., Inc., Philadelphia. **Offering**—Price $4.50 a share. Proceeds for working capital to conduct finance business.

● **Northern Engineering Works, Detroit, Mich.**
Aug. 23 (letter of notification) 7,450 shares ($1 par) common owned by the two individuals viz.: William W. Peattie and Reed C. Zen. **Underwriters**—Mercier, McDowell & Dolphyn and Smith, Hague and Co., Detroit, and Investment Securities Co., Jackson, Mich. **Offering**—Price $7 a share. Proceeds to sellers.

● **Northern Indiana Public Service Co.**
Aug. 28 filed maximum of 384,026 shares of common stock. Underwriters by amendment as shares will be offered under competitive bidding. Probable bidders include Blyth & Co., Inc.; The First Boston Corp. Shares being sold to comply with SEC regulations.

Northwestern Public Service Co., Huron, S. D.
June 28 filed $5,275,000 first mortgage bonds, due 1976; 26,000 shares ($100 par) cumulative preferred stock, and 110,000 shares of $3 par common. **Underwriters**—To be determined by competitive bidding. Probable bidders include Halsey, Stuart & Co. Inc. (bonds); Harriman Ripley & Co., Inc.; Lee Higginson Corp.; A. G. Becker & Co., Inc., Salomon Brothers & Hutzler, Dick Merle-Smith, Drexel & Co., Harris Hall & Co. (Inc.) and Stroud & Co., (jointly); **Offering**—Securities will be sold at competitive bidding. **Proceeds**—Refunding.

Nugent's National Stores, Inc., N. Y. (9/5-13)
June 21 filed 85,000 shares ($1 par) common stock. **Underwriters**—Newburger & Hano, and Kobbe, Gearhart & Co., Inc. Price, $6.75 a share. **Proceeds**—Net proceeds to the company, estimated at $350,200, will be applied as follows: About $111,300 for retirement of outstanding preferred stock; $41,649 to purchase 100% of the stock of two affiliates, and balance $197,000 for other corporate purposes.

Oklahoma Oil Co., Denver, Colo.
Aug. 5 (letter of notification) 571,000 shares (5c par) common on behalf of Frank C. Myers, President and Treasurer of the company. **Offering**—Price at market. **Underwriting**—Inter-Mountain Shares, Inc. **Proceeds**—Go to the selling stockholder.

O'Okiep Copper Mining Co. Ltd. of the Union of South Africa (9/5)
July 25 filed 106,329 American shares representing a similar number of ordinary shares of the par value of 10 shillings, South African currency (U. S. $2.017). **Underwriters**—None. **Offering**—To be offered at $5 a share to stockholders of Newmont Mining Corp. as of record Sept. 5, 1946, on the basis of one ordinary share of O'Okiep for each 10 shares of Newmont held. Rights expire Sept. 30. Primary purpose of the offering of 106,329 American shares of O'Okiep is to effect such distribution of these shares as may comply with the listing requirements of the New York Curb Exchange as to distribution of shares. O'Okiep has pending an application to list the American shares on the New York Curb Exchange.

Orange-Crush de Cuba, S. A., Havana, Cuba
July 22 filed 75,000 shares of $1.50 par common. **Underwriter**—Elder, Wheeler & Co. **Offering**—Price $8 a share. **Proceeds**—Of the total company is selling 25,000 shares and stockholders are selling 50,000 shares. The company will use its proceeds for equipment.

Pacific Power & Light Co., Portland, Ore.
July 10 filed 100,000 shares ($100 par) preferred stock. **Underwriters**—By amendment. Probable bidders include Blyth & Co., Inc., White, Weld & Co. and Smith, Barney & Co. (jointly); The First Boston Corp., W. C. Langley & Co.; Harriman Ripley & Co. **Offering**—Company proposes to issue the 100,000 shares of new preferred for the purpose of refinancing at a lower dividend rate the 67,009 outstanding preferred shares of Pacific and the 47,806 preferred shares of Northern Electric Co., in connection with the proposed merger of Northwestern into Pacific. In connection with the merger, the outstanding preferred stocks of Pacific and Northwestern will be exchanged share for share, with cash adjustments, for the new preferred stock of Pacific, the surviving corporation. **Offering price**—To be supplied by amendment.

Pal Blade Co., Inc., New York
June 28, 1946 filed 227,500 shares ($1 par) capital stock. **Underwriters** — F. Eberstadt & Co., Inc. **Offering** — 225,000 shares are outstanding and are being sold by 10 stockholders, and 2,500 shares are being sold by A. L. Marlman to all salaried employees.

Palmetto Fibre Corp., Washington, D. C.
August 16 filed 4,000,000 shares (10¢ par) preference stock. **Underwriting**—Tellier & Co., New York. Price 50 cents a share. **Proceeds**—The company will use estimated net proceeds of $1,473,000 for purchase of a new factory near Punta Gorda, Florida, at a cost of about $951,928. It will set aside $150,000 for research and development purposes and the balance will be used as operating capital.

● **Pan American Mining & Development Co., Salt Lake City**
Aug. 22 (letter of notification) 50,000 shares of capital stock (par 25c), No underwriting. **Offering**—Price $1.35 a share. Proceeds for wages, repairs, equipment, securing title to new properties, etc.

Pittston Co., Hoboken, N. J. (8/29-30)
May 9 filed a $7,250,000 collateral trust 4% sinking fund bond due Sept. 1, 1961, 15-year 4% debentures due April 1, 1961, and $1,242,300 20-year 5½% cumulative income debentures due Jan. 1, 1964. **Underwriters**—Blair & Co., Inc. **Offering**—Price to public by amendment. **Proceeds**—Payment of promissory notes aggregating $8,000,000. For details see issue of May 16.

● **Plastic Molded Arts, Inc., New York (9/16)**
Aug. 27 filed 60,000 shares of preferred stock ($10 par) and 75,000 shares of common (par 50c). **Underwriter**—Herrick, Waddell & Co., Inc. **Offering**—Company is offering the preferred stock to the public, while the common is being sold by certain stockholders. **Prices**—Preferred, $10 a share; common, $4 a share. **Proceeds**—Proceeds from sale of preferred will be used to purchase equipment, pay bank loans, and other corporate purposes. **Business**—Manufacture of plastic products.

Portland (Ore.) Transit Co.
June 14 filed $1,250,000 4% convertible debentures due June 1, 1966, and 200,000 shares of common stock (par $1); also an additional 128,750 common shares for conversion of debentures. **Underwriters**—First California Co.; Scherck, Richter & Co.; Weeden & Co.; Allen & Co., and Rauscher, Pierce & Co. **Proceeds**—To complete payment of purchase price for the capital stock of Portland Traction Co. and the properties of the Interurban Railway Division of Portland Electric Power Co., working capital, etc. Offering price of debentures $105; price of common to public, $8.25 per share.

Precision Parts Co. of Ann Arbor, Mich.
July 5 filed 75,000 shares 5% cumulative convertible preferred stock ($10 par). **Underwriter**—Van Alstyne, Noel & Co. and associates. Price by amendment. **Proceeds**—Of the net proceeds, $250,000 will be used to pay 3% notes held by National Bank of Detroit, $75,000 to reimburse treasury for sums spent in acquisition of the electrical division plant of the company, $30,000 for construction of space for executive offices in the economy baler plant, and the balance will be deposited with general funds.

● **Red Rock Bottling Co. of Pittsburgh**
Aug. 23 (letter of notification) three-year warrants for purchase of 100,000 shares common stock (par 50¢) at $1.50 a share, not assignable or exercisable before July 1, 1947. No underwriting. Price one cent per warrant. Proceeds for working capital.

Red Rock Bottling Co. of Youngstown, Warren, O. (9/10)
Aug. 16 (letter of notification) 199,000 shares (50c par) common and warrants for purchase of 125,000 additional common. **Offering**—Price $1.50 a common share and one cent a warrant. **Underwriters**—Frank C. Moore & Co., New York; and Hall, Tattersall & Co., Philadelphia. For payment of plant mortgage, purchase of additional equipment and for working capital.

Republic Pictures Corp., New York
Registration originally filed July 31 covered 184,821 shares of $1 cumulative convertible preferred ($10 par) and 277,231 shares (50c par) common stock, with Sterling, Grace & Co. as underwriters. Company has decided to issue common stock only, which will be offered for subscription to stockholders of record Sept. 5 to the extent of one share for each five held. Issue will not be underwritten.

Reynolds Pen Co., Chicago
May 4 filed 400,000 shares of common stock (no par), of which 100,000 shares are being sold by company and 300,000 by stockholders. **Underwriters**—Names by amendment. **Offering**—Terms by amendment. **Proceeds**—Net proceeds to the company will be added to working capital.

Rheem Manufacturing Co. (9/16)
June 26, 1946 filed 200,000 shares ($1 par) common stock. **Underwriters**—Blyth & Co., Inc. **Offering**—Company will sell 130,000 shares to the public through the underwriters and 70,000 shares to Bethlehem Steel Co. **Price**—By amendment. **Proceeds**—Working capital. Temporarily postponed.

Rowe Corp., New York (9/3-13)
July 29 filed 120,000 shares common stock. **Underwriters**—Hayden, Stone & Co. **Offering**—The selling stockholders, who include Robert Z. Greene, President, are offering the shares to the public through the underwriters, for their own account. Price, by amendment.

San-Nap-Pak Mfg. Co. Inc., New York
July 24 filed 80,000 shares ($1 par) common stock. **Underwriters**—Dunne & Co., New York. **Offering**—Price by amendment. **Proceeds**—Nat E. Heit, President and director, and Harry Preston, board Chairman, Secretary and Treasurer, will receive net proceeds as selling stockholders.

Sardik Food Products Corp., N. Y. (9/10)
May 29 filed 175,000 shares of capital stock (no par). **Underwriter**—George F. Breen, New York. **Offering**—Stock will be offered to public at $14 a share. Of the total being offered company is selling 155,000 shares and the remaining 20,000 shares are being sold by two stockholders. **Proceeds**—Working capital, purchase equipment and plant, etc.

Scovill Manufacturing Co., Waterbury, Conn. (9/6)
August 15 filed 100,000 shares ($100 par) cumulative preferred stock and 149,548 shares ($25 par) common stock. **Underwriters**—Morgan Stanley & Co., New York. **Offering**—Preferred will be offered publicly. Common initially will be offered for subscription to stockholders at the rate of one share for each seven shares held. Unsubscribed shares will be sold to underwriters. **Price**—By amendment. **Proceeds**—Company will use net proceeds to pay bank loan and to finance the purchase of additional machinery, equipment and buildings.

Scripto, Inc., Atlanta, Ga. (9/16)
Aug. 7 filed 25,000 shares ($10 par) 5% cumul. convertible preferred stock and 244,000 shares ($1 par) common stock. **Underwriters**—Clement A. Evans & Co., Inc., Atlanta. Price by amendment. **Proceeds**: Company is selling the 25,000 shares of preferred to the underwriters at $10 a share and stockholders are selling a minimum of 220,000 and a maximum of 244,000 shares to the underwriters at $5 a share. The registration stated that 24,000 of the 244,000 shares of common are being reserved for a period of four days following the effective date of the registration for sale to employees, officers and directors at $5 a share. The company also is selling 200,000 stock purchase warrants to executives of the company at 50 cents a warrant. Company will use its proceeds for general corporate purposes.

● **Selected Risks Indemnity Co., Branchville, N. J.**
Aug. 22 (letter of notification) 2,500 shares ($10 par) capital stock. No underwriters. **Offering**—Price $35 a share. Proceeds to maintain adequate surpluses to establish ample reserve as a result of increased business.

● **6 East 76th Street Inc., New York**
Aug. 23 Rachelle Knight and Edward J. Knight filed letter of notification for 120 shares (no par) common. No underwriting. Prices vary from $3,000 to $4,500 per unit of a co-operative apartment building. Proceeds to sellers.

Solar Manufacturing Corp. (9/9)
June 14 filed 80,000 shares of $1.12½ cumulative convertible preferred stock, series A (par $20). **Underwriters**—Van Alstyne, Noel & Co. Price by amendment. **Proceeds**—Net proceeds will be applied for the redemption of outstanding series A convertible preferred stock which are not converted into common stock. Such proceeds also will be used for additional manufacturing facilities in the amount of $600,000; for additional inventory amounting to $400,000, and for additional working capital.

Southwestern Public Service Co., Dallas, Texas
July 24 filed $20,000,000 of first mortgage bonds, series due 1976. **Underwriters**—To be supplied by amendment. Probable bidders include Dillon, Read & Co. Inc.; Halsey, Stuart & Co. Inc., and Blyth & Co., Inc. Price by amendment. **Proceeds**—Net proceeds, with other funds, will be used to redeem $17,500,000 of 3⅛% first mortgage bonds, due 1974, at 106⅛%, and to purchase the electric, water and ice properties of West Texas Utilities Co. located in the northwestern portion of the Texas Panhandle for $2,135,000.

Standard Life Insurance Co. of America
Aug. 12 (letter of notification) 29,110 shares of common stock (par $10). To be offered for subscription to stockholders at $10 per share. Rights expire Oct. 1, 1946. Unsubscribed shares will be purchased at $10 per share by Alfred MacArthur, Chairman and Hyman A. Pierce, Executive Vice-President. **Proceeds**—General corporate purposes.

● **State Bond and Mortgage Co., New Ulm, Minn.**
Aug. 26 filed $7,000,000 of Accumulative Savings Certificates, Series 1217-A, and $1,000,000 of Accumulative Savings Certificates, Series 1207-A. **Underwriters**—None. **Business**—Issuing and selling face amount certificates, mostly of the installment type.

State Street Exchange, Boston, Mass.
July 1, 1946 filed $1,750,000 second mortgage 4% non-cumulative income bonds, due 1961. **Underwriters**—Roger W. Babson, Wellesley Hills, Mass., and Charles F. Ayer. **Offering** — Company will issue $750,000 of the bonds to two banks which hold two first mortgages on all of the company's real estate and the remaining $1,000,000 of the bonds will be offered to the company's stockholders in the ratio of one bond for each unit of 3½ shares of stock held. Unsubscribed shares will be sold to underwriters. Price to stockholders $27.50 a share and price to underwriters $26.50 a share. **Proceeds**—Company will pay $225,000 to the two banks holding its mortgages and the balance will be retained for necessary repairs to its real estate.

Steep Rock Iron Mines Ltd., Ontario (9/16-20)
March 27 filed 500,000 shares of capital stock (par $1). **Underwriters**—Otis & Co. **Offering**—Price to public by amendment. **Proceeds**—Net proceeds will be added to the general funds and will be available for general corporate purposes. For details see issue of April 4.

Street & Smith Publications, Inc.
July 17 filed 197,500 shares of common stock. **Underwriters**—Glore, Forgan & Co. **Offering**—The offering represents a part of the holdings of the present stockholders. Indefinitely postponed.

Sun Chemical Corp., New York (9/5-13)
July 31 filed $4,000,000 2¾% sinking fund debentures, due Aug. 1, 1966. **Underwriter**—Shields & Co. Price by amendment. **Proceeds**—Net proceeds to be used in part to redeem 19,000 shares of outstanding $4.50 preferred stock, Series A, 1,050 at the sinking fund redemption price of $103.50 and the remaining 17,950 at the optional redemption price of $106.50 a share, plus accrued dividends in each case. The balance of the net proceeds will be added to general funds.

● **Tampa Electric Co., Tampa Fla. (9/16)**
Aug. 27 filed $7,500,000 first mortgage bonds, series due 1976. **Underwriter**—Goldman, Sachs & Co. Price by amendment. **Proceeds**—To prepay a 2¾% promissory note to Equitable Life Assurance Society of the U. S., and to finance construction program. **Business**—Electric light and power public utility. Also does a small water and ice business.

Taylor-Graves, Inc., Saybrook, Conn. (9/5)
July 12 (letter of notification) 44,300 shares of ($5 par) cumulative convertible preferred stock and 44,300 shares common stock (par 50c). **Offering**—Price $6 a share for preferred and 75 cents a share for common. **Underwriter**—Amos Treat & Co. **Proceeds**—For payment of notes, mortgages and for general corporate purposes.

Tele-Tone Radio Corp., New York
Aug. 1 filed 210,000 shares of common stock (par 50 cents). **Underwriters**—Hirsch & Co. **Offering**—Company is offering 75,000 of the shares registered. Eleven stockholders are selling 135,000 issued and outstanding shares, for their own account. **Offering**—Price $6.75 a share. **Options**—Selling stockholders are also selling to the underwriters at 7 cents per option warrant options to purchase 18,000 shares of the issued and outstanding common owned by them. They are also selling to Hallgarten & Co., for $1,500, plus $360 as a contribution toward the expenses of issuance, options to purchase an additional 18,000 shares of the issued and outstanding common. **Proceeds**—Net proceeds for the sale of company's 75,000 shares will be used for increasing working capital, with a view to entering the Frequency Modulation and Television fields at an advantageous time.

● **Tri-Way Industries, Inc., Seattle, Wash.**
Aug. 21 (letter of notification) 1,000 shares of 6% cumulative non-convertible preferred stock ($100 par), and 200 shares ($5 par) common stock. No underwriting. **Offering**—Prices $100 a share for preferred and $5 a share for the common. Proceeds for fixed assets, inventory, fixtures and working capital.

● **United States Shoe Corp., Cincinnati, Ohio**
Aug. 25 filed 24,000 shares ($4 par) common. **Underwriter**—Benj. D. Bartlett & Co., Cincinnati. **Offering**—Shares will be offered to the public by seven stockholders, who will receive the entire net proceeds. Price by amendment. **Business**—Manufacture and sale of women's shoes.

Upper Michigan Power & Light Co., Escanaba, Mich.
July 18 (letter of notification) 5,500 shares of 4¼% first preferred stock series B ($50 par). Offering price, $50 a share. **Underwriter**—First of Michigan Corp., Detroit. **Proceeds**—For enlargements and improvements of power plant facilities.

Velvet Freeze, Inc. (9/3-6)
July 24 filed 203,500 shares of stock which are to be sold for the account of certain stockholders. **Underwriters**—Sherck, Richter & Co., and Straus & Blosser. **Offering**—Of the total, 200,000 shares will be sold through the underwriting group at $8.50 a share, and 3,500 shares will be offered to certain employees at $7.50 a share.

● **Victor Metal Products Corp., Brooklyn, N. Y.**
Aug. 21 (letter of notification) 1,428 shares ($100 par) common. No underwriting. **Offering**—Price $100 a share. Proceeds to expand manufacturing facilities and for additional working capital.

Virginia Dare Stores Corp., N. Y.
July 3 filed 90,000 shares of 5% cumulative convertible preferred stock, ($10 par). **Underwriters**—Newburger & Hano; Kobbe, Gearhart & Co., Inc., and D. Gleich Co. **Offering**—Underwriters propose to offer the shares in part to the public and the balance to certain dealers, among whom any underwriter may be included, at the public offering price, less certain concessions. Price $10 per share. **Proceeds**—It is presently anticipated that $437,500 will be used to acquire the capital stock of Williams Stores, Inc., and Levitt Millinery Co. The balance will be applied to general corporate purposes. Issue temporarily postponed.

Weetamoe Corp., Nashua, N. H.
July 15 filed 200,000 shares ($25 par) $1.20 cumulative pfd. stock, 100,000 shares of ($1 par) convertible stock and 650,000 shares ($1 par) common stock. **Underwriters**—Blair & Co., Inc., Reynolds & Co., New York and Maxwell, Marshall & Co., Los Angeles. **Offering**—The preferred and convertible stocks will be offered in units of one share of preferred and one-half share of convertible. Price by amendment. **Proceeds**—Weetamoe Corp. (Name to be changed to Nashua Manufacturing Co. prior to effective date of registration) was incorporated June 27, 1946 to acquire the operating properties and certain other assets of Nashua Manufacturing Co. which was incorporated in 1823. The new company was organized at the instance of Textron, Inc., and is wholly-owned subsidiary, Textron Mills, Inc., which are promoters of the new company. Net proceeds, together with $2,300,000 representing the proceeds from the sale of 50,000 shares of convertible stock to the underwriters and 525,000 shares of convertible stock to Textron, Inc., at $4 a share, will be used as follows: approximately $13,000,000 for payment of a portion of the purchase price of the assets to be acquired from the old company, about $100,000 for organization expenses, and about $1,100,000 for working capital.

Western Tin Mining Corp., Washington, D. C.
August 16 filed 315,185 shares (one cent par) common stock. **Underwriter**—No underwriting. **Offering**—To the public. **Price**—$1 a share. **Proceeds**—To do geographical work on tract of land for exploration of tin ore. **Business**—Development of tin mine.

Westinghouse Electric Corp., Pittsburgh, Pa.
Aug. 14 filled $30,000,000 of debentures, due 1971, and 1,647,037 shares ($12.50 par) common. **Underwriter**—Kuhn, Loeb & Co. **Offering**—The debentures will be offered to the public while the common stock will be offered for subscription to holders of outstanding preferred stock and common stock of record Sept. 10 in ratio of ⅛ share for each share of common or preferred held. Unsubscribed shares will be sold to underwriters. **Prices**—By amendment. **Proceeds**—Proceeds will be used to finance part of the company's plant expansion and rearrangement program for increased working capital.

West Virginia Water Service Co. (9/16)
Aug. 6 filed 46,400 shares (no par) common. **Underwriter**—Shea & Co., Boston. Price, by amendment. **Proceeds**—Shea & Co. is selling 26,400 shares for its own account and the remaining 20,000 shares are being sold by Allen & Co., New York, with Shea as underwriter.

Wheatley Mayonnaise Co., Louisville, Ky.
Aug. 16 (letter of notification) 10,000 shares ($5 par) common, to be offered for subscription to stockholders at

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$10 a share in the ratio of one share for every five shares held. No underwriting. For retirement of bank loans and expansion program.

• **Whittaker (Wm. R.) Co., Ltd., Los Angeles, Calif.**

Aug. 20 (letter of notification) 25,000 shares ($1 par) capital stock. Offering—Price $2 a share. No underwriting. To increase working capital.

• **Willett (Consider H.), Inc., Louisville, Ky.**

Aug. 21 (letter of notification) 20,000 shares ($5 par) common. Underwriter—Bankers Bond Co., Louisville. Price $15 a share. Proceeds will be used to install conveyor systems in two plants, for new machinery and working capital.

Wisconsin Power & Light Co., Madison, Wis.

May 21 filed 550,000 shares ($10 par) common stock to be sold at competitive bidding. Underwriters—By amendment. Probable bidders include Merrill Lynch, Pierce, Fenner & Beane; White, Weld & Co.; Glore, Forgan & Co., and Harriman Ripley & Co. (jointly); The Wisconsin Co., and Dillon, Read & Co. Proceeds—Part of the shares are to be sold by Middle West Corp., top holding company of the System, and part by preference stockholders of North West Utilities Co., parent of Wisconsin, who elect to sell such shares of Wisconsin common which will be distributed to them upon the dissolution of North West Utilities Co.

Prospective Security Offerings

(NOT YET IN REGISTRATION)

• INDICATES ADDITIONS SINCE PREVIOUS ISSUE

Airborne Cargo Lines, New York

Aug. 12 with change of name from Hoosier Air Freight Corp. additional financing for purchase of additional planes expected, with Greenfield Lax & Co. Inc. as underwriters.

Air Commuting, Inc.

July 16 possibility of same new financing seen if the Civil Aeronautical Board approves recommendations made by two of its examiners of company's plan to establish an extensive airplane commuting service radiating over the New York City metropolitan area of Westchester County, New Jersey, Staten Island, Long Island and Connecticut.

American Anglo Transvaal Corp.

Ladenburg, Thalmann & Co. and Lazard Freres & Co. announced Aug. 13 that they are forming the American Anglo-Transvaal Corp., a $20,000,000 company, for the further expansion of mining and industrial activities in the Union of South Africa. The two New York concerns have invited Lazard Brothers & Co. and J. Henry Schroeder & Co., both of London, to participate in the subscription of an initial capital of $9,000,000 for the new company. Operations of the new company will be managed by the Anglo-Transvaal Consolidated Investment Co., Ltd., under the general direction of the board of directors of American Anglo-Transvaal, composed of representatives of the New York, London and South African interests.

American Bosch Corp.

April 16 reported that Alien Property Custodian may shortly ask for bids on 535,000 shares (77.24%) of the stock of the corporation. Probable bidders include Glore, Forgan & Co. and Lehman Brothers (jointly), and Blyth & Co., Inc.. and Merrill Lynch, Pierce, Fenner & Beane (jointly). The Wallenberg financial interests of Sweden, owners of the stock now vested in Alien Property Custodian, have brought suit to recover the stock or the proceeds thereof.

American Power & Light Co.

Aug. 7 reported company expects to file with the SEC in near future a plan for retirement of its preferred stocks which would include the sale at competitive bidding of 15% of the common stock of each of the following subsidiary companies: Florida Power & Light Co., Kansas Gas & Electric Co., Minnesota Power & Light Co., Montana Power Co. and Texas Utilities Co.

American Progressive Health Insur. Co., N. Y.

July 10 (letter of notification) expected to be filed at early date for 60,000 shares of convertible preferred stock, with B. G. Cantor & Co. as underwriter.

American Telephone & Telegraph Co.

Oct. 16 stockholders will vote on creating a new issue of convertible debentures not to exceed $351,000,000, and on increasing the authorized common shares from 25 million to 35 million. Debentures would be offered to shareholders in proportion of $100 debentures for each six shares held. Up to 2,800,000 shares of stock may be issued and sold to employees.

Apex Electrical Manufacturing Co.

Aug. 26 stockholders approved a plan which provides for changing each share of outstanding common stock (no par) into four shares of $1 par value. Company would then have outstanding 340,000 shares of common stock. In addition, company proposes to create a new issue of 110,000 additional shares of common stock and 40,000 shares of cumulative preferred stock ($50 par), which will be offered for sale through underwriters. Probable underwriters E. H. Rollins & Sons.

Arkansas Power & Light Co., Little Rock, Ark.

March 30 reported company planned to issue 290,000 shares common stock (par $12.50) and $5,000,000 in promissory notes, for purpose of paying current promissory notes and finance expansion program. Probable bidders include Dillon, Read & Co. Inc.; The First Boston Corp., and Blyth & Co., Inc.

Atlantic City Electric Co.

July 9 the offering of 1,150,000 shares of common stock (now owned by American Gas & Electric Co., parent) seems probable in the Fall, in compliance with the Utility Holding Company Act. Probable bidders include Mellon Securities Corp.; The First Boston Corp.; Blyth & Co., Inc.; Harriman, Ripley & Co.

Atlantic Refining Co., Philadelphia

May 7 stockholders approved proposal to increase the company's indebtedness from time to time by additional amounts not in excess of $50,000,000 in aggregate. The purpose of the plan, it was said, is to place the company in a position to fund bank loans, add to working capital and to provide funds for capital expenditures. Probable underwriters include Smith, Barney & Co.

Atlantic Refining Co.

Nov. 1. stockholders will vote on authorizing 650,000 shares of new preference stock (par $100), of which an undetermined amount will be sold when market conditions are favorable. Probable underwriter, Smith, Barney & Co.

Baltimore & Ohio RR.

June 22 it was reported that one effect of the railroad freight rate adjustment is expected to be a stimulation of bond refundings. Among the roads whose refinancing programs may then crystallize, the Baltimore & Ohio is named as a leading prospect, now that all barriers to the consummation of its $500,000,000 debt adjustment plan have been eliminated. Other portions of the debt now thought to be attractive possibilities for a refinancing operation besides the $76,900,000 of first mortgage 4s and the $67,800,000 first mortgage 5s. There are $37,200,000 of Southwestern Division 5% bonds, $36,800,000 Pittsburgh, Lake Erie & Western 4s, and $10,000,000 Toledo-Cincinnati Division mortgage series A 4s. Probable bidders, if refunding operations crystallize, are Kuhn, Loeb & Co., and Halsey, Stuart & Co. Inc.

Bangor & Aroostook RR., Bangor, Me.

April 16 stockholders authorized new mortgage. Company contemplates refinancing one-third of outstanding funded debt (Dec. 31, 1945, $12,665,000) through sale of equal amount of bonds under new mortgage, through competitive bidding. Probable bidders include Harriman, Ripley & Co., Inc.; Lee Higginson Corp., and Halsey, Stuart & Co. Inc.

"Big" and "Little Inch" Pipelines

Leading natural gas producers were amongst the 16 bidders who submitted bids to the War Assets Administration for the "Big" and "Little Inch" pipelines constructed during the war by the government at a cost of about $145,000,000. E. Holley Poe, head of natural gas consultants, and his associates offered to (1) rent the lines for 40 years at $6,500,000 a year—a total of $260,000,000—or (2) purchase the lines for $80,000,000 with "a potential additional deferred payment of $20,000,000, depending upon the gas carried by the lines." It also was said that the banking firm of Dillon, Read & Co., Inc., would head a group of underwriters for the public offering of stock incidental to the financing.

The Big Inch Natural Gas Transmission Co., of which Robert J. Bulkley, former United States Senator from Ohio and sponsor of the Natural Gas Act, is President, offered to pay $85,000,000 cash for the lines. Halsey, Stuart & Co., Inc., and Otis & Co., it is said, would head the syndicate which would underwrite the securities.

Both offers agreed to maintain the lines for immediate reconversion to oil delivery in case of a national emergency.

Blauner's, Philadelphia

Oct. 8 stockholders will vote (1) on authorized refunding of $3 cumulative preferred stock with new issue of 150,000 shares of convertible preferred, to be issued in series; (2) on changing par of common from no par to $3 par; (3) on splitting common on a two-for-one basis. An initial series of 30,000 shares of preferred will be offered publicly to refund $3 preferred and working capital. Probable underwriter, Van Alstyne, Noel & Co.

Blumenthal (Sidney) & Co., Inc.

Sept. 19 stockholders will vote on increasing authorized common stock from 250,000 shares to 500,000 shares (no par). Approximated 119,706 new shares would be offered for subscription to stockholders at $10 per share in the ratio of one new for each two shares held. Offering will not be underwritten.

• **Bobbi Motor Car Corp.**

Aug. 27, corporation organized to produce a small, low-priced automobile, announced that it would move its plant from San Diego to Birmingham, Ala. Said Company proposes to lease the Becntel-McCone plant in Birmingham from the War Assets Administration. Company proposes to finance its expansion through the issuance of capital stock. Reported Floyd D. Cerf Co., Chicago may be underwriters.

Boston Store, Chicago

July 15 ownership of the Boston Store changed hands formally when a syndicate headed by Edgar L. Schnadig, Chicago, purchased all of the capital stock of the operating company, the Boston Store of Chicago, Inc., and certain real estate rights for $14,000,000. Funds for the purchase, in addition to the syndicate's own money, were furnished by a secured loan of $3,500,000 from Penn Mutual Life Insurance Co., a long term loan of $1,500,000 from the First National Bank, Chicago, and $5,000,000 in a short-term loan from the Union Securities Co., New York. To retire the short term loan the company, it is said will issue preferred and common shares to be sold publicly through a syndicate headed by Paul H. Davis & Co., Chicago and Stroud & Co., Philadelphia.

Bridgeport (Conn.) Brass Co.

April 23 stockholders voted to issue an additional 450,000 shares of common stock when and if new capital is needed. Probable underwriters, Hincks Bro. & Co.; Stone & Webster Securities Corp.; Hornblower & Weeks.

Buckeye Incubator Co.

Aug. 20 stockholders voted to increase authorized common from 250,000 to 300,000 shares (par $2). The additional 50,000 shares will be offered for sale subject to preemptive rights of stockholders, at such times and in such amounts as determined by directors.

Carolina, Clinchfield & Ohio Ry.

June 26 it was reported that a refunding of the $21,400,000 first mortgage 4% series A bonds of 1965 is seen as a possibility. Probable bidders include Kidder, Peabody & Co.; Halsey, Stuart & Co. Inc.

Carolina Power & Light Co.

Aug. 8 Electric Bond & Share Co. will probably offer 420,000 shares of Carolina Power & Light Co. common stock for sale at competitive bidding, which will shortly accrue to Bond & Share pursuant to the plan for dissolution of National Power & Light Co. Probable bidders include Morgan Stanley & Co.; Dillon, Read & Co. Inc., W. C. Langley & Co. and The First Boston Corp. (jointly); by Smith, Barney & Co., Blyth & Co., Inc., and Kidder, Peabody & Co. (jointly).

Central & Southwest Corp.

Pursuant to plan of Central & South West Utilities Co. and American Public Service Co. approved by the SEC a sufficient number of shares of Central & Southwest Corp., the new company, would be sold at competitive bidding to provide funds, not otherwise supplied, to retire outstanding preferred stocks of Central and American. Possible bidders: Glore, Forgan & Co.;

Lehman Brothers-Lazard Freres & Co. (jointly); Smith, Barney & Co.-Harriman, Ripley & Co. (jointly); Blyth & Co., Inc.; Stone & Webster Securities Corp. and First Boston Corp. (jointly).

Century Manufacturing & Instrument Co.

May 29 reported Estes, Snyder & Co., may underwrite offering of common stock following merger of Century and Continental Geophysical Service Co.

Chesapeake & Ohio Ry.

June 18 reported that probably one of the early developments when and if the merger of Chesapeake & Ohio Ry. and the Pere Marquette Ry. is approved will be a refunding operation to take in the debt of both roads. C. & O., it is expected, will take steps to refinance the refunding and improvement 3½s, due in 1996, of which $37,500,000 series D and $27,600,000 series E were outstanding at the close of 1945. The Pere Marquette has outstanding $59,749,000 first mortgage 3⅜s, series D, due in 1980. At the ICC hearings in April on the merger proposal, W. H. Wenneman stated that refinancing of the Pere Marquette issue would be undertaken promptly following consummation of the merger.

Chicago Milwaukee St. Paul & Pacific RR.

Issuance by the road of $58,900,000 lower-coupon first mortgage bonds, proceeds from the sale of which would be used to redeem first mortgage 4% bonds, 1994, is expected to be postponed until late this year. Earlier plans were for the retirement of the bonds July 1. Three investment banking groups were set up to enter competition for any new offering, viz.: Kuhn, Loeb & Co.; Mellon Securities Corp., and Halsey, Stuart & Co., Inc.

Cities Service Co., New York

July 17 it is suggested that when and if the outstanding debt is retired through proceeds of its utility equities, that preferred stockholders might be offered a new 4% preferred in exchange for the old issues, in the amount of call prices plus arrears (approximately $113,486,250).

Citizens Utilities Co.

July 24 company is negotiating with investment bankers relative to the sale of a new long-term first mortgage bond issue, with which to retire $4,200,000 bank loan obtained to retire the 5½% bonds of 1948, called for redemption Sept. 1, 1946.

Consolidated Edison Co. of New York, Inc.

Oct. 8 stockholders will vote on a write-down of about $162,500,000 in stated value of common stock from $34 to $20 a share and on creating a new class of preferred, of which 2,200,000 shares are to be sold to replace present $5 preferred. If approved these steps would be undertaken after completion of $290,000,000 bond refunding. Probable bidders include Morgan Stanley & Co.

Consolidated Edison Co. of New York, Inc.

July 3 company formally submitted to the New York Public Service Commission its plan to issue $290,000,000 of new mortgage bonds as part of a plan to redeem $304,240,000 of callable mortgage bonds and debentures and $15,869,000 of non-callable mortgage bonds due in 1948 and 1949—a total of $320,109,000 of long-term debt. The $290,000,000 of new mortgage bonds would be sold by bidding in three separate issues in rapid succession, the first two to be $100,000,000 each and the third for $90,000,000. After issuing the first series the company would then call its $179,240,000 of callable mortgage bonds and obtain discharge of mortgages covering $15,869,000 of non-callable bonds. In another part of the plan the company proposes to refinance the outstanding 2,188,890 shares of $5 cumulative preferred stock. Probable bidders include Morgan Stanley & Co.; Halsey, Stuart & Co. Inc. (bonds only), and Blyth & Co., Inc.

● **Coty, Inc.**

It is reported that company intends to sell 20,000 shares of Treasury stock in near future.

Culver Corp., Chicago

Aug. 16 an underwriting is contemplated at a future date of probably $200,000 debentures and 156,000 shares of common stock (par $5).

Detroit Edison Co., Detroit, Mich.

March 19 committee of directors formed to consider refinancing of $65,000,000 3½s and 4s. Probable bidders include: Mellon Securities Corp., First Boston Corp., Dillon, Read & Co. Inc., Coffin & Burr, Halsey, Stuart & Co., Inc., and Spencer Trask & Co.

Di Giorgio Fruit Corp.

September 5 stockholders will consider a plan to create a new class of non-participating preferred stock, $3 cumulative and junior to the present $3 cumulative participating preferred in respect to both dividends and assets. It is planned to offer present preferred stockholders an opportunity to exchange their shares for shares of such new preferred and class B common stock on the basis of one share of new preferred and one share of class B common for each share of outstanding $3 cumulative participating preferred.

Dow Chemical Co.

August 6 company has authorized new plants and additions costing an estimated $40,000,000 over the next three or four years. Probable underwriters of any new issues include Smith Barney & Co.

Dumont Electric Co.

Aug. 14 reported company planning additional financing with First Colony Corp. as underwriter.

Eastern Stainless Steel Corp., Baltimore

Aug. 20—The management contemplates filing in the near future a registration statement covering an additional 64,000 shares of stock, to be offered to present stockholders in the ratio of one share for five. Negotiations are proceeding with a group of underwriters headed by Kidder, Peabody & Co., for the purchase of shares not subscribed by stockholders.

Ekco Products Co.

Sept. 6 stockholders will consider a plan to create a new issue of $7,500,000 preferred stock and to increase authorized common stock from 750,000 to 1,500,000 shares to permit a two-for-one split of outstanding common stock. It is proposed to offer publicly $6,000,000 of new convertible preferred and 40,000 new common shares. Union Securities Corp. is expected to head the underwriting group. Part of the proceeds from the financing will be used to retire 4½% preferred stock at $110 a share, and the remainder will be added to general funds to replace amounts spent for new plants and equipment.

Empire District Electric Co., Joplin, Mo.

May 3 company filed application with the Arkansas P. S. Commission for authority to issue $2,000,000 2⅞% first mortgage bonds due in 1976. Proceeds would be used for additions and improvements to the company's properties in Missouri, Arkansas, Kansas and Oklahoma. Probable bidders include The First Boston Corp.; Halsey, Stuart & Co. Inc.; Shields & Co. and Lehman Brothers.

Engineering & Research Corp.

June 14 reported company, manufacturer of air coupes, contemplates the issuance of 300,000 shares of common stock, with Hemphill, Noyes & Co. as underwriters.

Espey Manufacturing Co., Inc., N. Y.

Aug. 9 expected early filing (by notification) of 59,500 shares (par $1) common stock. Offering at $5 per share expected at end of Aug. with B. G. Cantor & Co. as underwriter. Company is an 18-year old radio manufacturer. It manufactures radios under private brand names, i.e. Macy's, Bloomingdales, Spiegel, &c.

Expreso Aereo Inter-Americano, S. A.

July 27 company announced agreement to acquire control of two Cuban Airlines. Stockholders will vote Aug. 16 on increasing authorized common from 1,000,000 shares to 2,000,000 shares (par $1). Probable public offering of over 300,000 shares with Van Alstyne Noel & Co. as underwriters.

Federal Light & Traction Co.

Aug. 23 hearing on application proposing merger of four New Mexico subsidiaries of Federal will be held by SEC. Under the plan, New Mexico Power Co., Las Vegas Light & Power Co. and Deming Ice & Electric Co., would be merged into Albuquerque Gas & Electric Co. Albuquerque's name would be changed to Public Service Co. of New Mexico. The merged company would have 524,903 shares ($7 par) common stock, all held by Federal, which now owns all the common stock of the subsidiaries. The number of common shares resulting from the merger equals the number of Federal common shares outstanding. Public offering of stock expected. Probable bidders include E. H. Rollins & Sons; Rauscher, Pierce & Co., Inc. Blyth & Co., Inc.; The First Boston Corp.; Otis & Co., and Harriman Ripley & Co.

Flagstaff Foods

Aug. 14 company plans sale of 125,000 shares ($10 par) convertible preferred and 60,000 shares of common stock. Proceeds of preferred will be used to further along company's program of expansion which recently included the acquisition of three additional wholesale grocery concerns. Sale of common stock will be the initial distribution of securities of this previously privately held concern in more than 40 years. It is expected that Luckhurst & Co., Inc. will head the syndicate of underwriters handling the issue.

Fresh Dry Foods Inc., Columbia, S. C.

May 29 reported a registration statement covering 650,000 shares of common stock (par $1). Expected to be filed at an early date with Newkirk & Co., New York, as principal underwriters. Public offering price about $5 per share.

Goldring Merchandising Co.

May 28 reported prospective financing being discussed with Merrill Lynch, Pierce, Fenner & Beane, as underwriters.

Gordon Foods, Inc., Atlanta, Ga.

July 29 reported company plans the sale of 20,000 shares of convertible preferred stock and 100,000 shares of common stock, with Johnson, Lemon & Co. and Allen & Co. as underwriters.

Grand Union Co.

May 23 reported directors giving careful consideration to a splitup of common shares and issuance of additional new stock, but it is likely that no action will be taken before September. The management, it is said, is now making an exhaustive budget study to determine what additional capital will be needed to finance an expansion program.

● **Gulf, Mobile & Ohio RR. (9/3)**

The company on Aug. 22 asked the Interstate Commerce Commission for authority to issue $3,000,000 equipment trust certificates, Series B, to pay about 75% of the cost of new equipment. The certificates will be dated Sept. 1, to mature in 15 annual instalments of $200,000 each, beginning on Sept. 1, 1947. Invitations to bid have been mailed to 140 securities dealers. Bids are to be opened Sept. 3. Probable bidders include Salomon Brothers & Hutzler, Halsey, Stuart & Co., Inc., and Harris, Hall & Co. (Inc.).

Gulf States Utilities Co.

May 24 in connection with plan of dissolution of Engineers Public Service Co. part one of the plan calls for reclassification of common stocks of two subsidiaries, Gulf States Utilities Co. and El Paso Electric Co., and for their distribution to Engineers common stockholders The Gulf States Utilities stock would be distributed through issuance of rights.

Henke & Pillot, Inc.

Aug. 7 company advised that it will probably do some financial in the near future but that no definite plan has as yet been formulated.

Hollander (A.) & Son, Inc., Newark, N. J.

Stockholders will vote sometime in August on splitting common stock 2-for-1 and on authorizing an issue of $1,500,000 convertible preferred stock. Probable underwriter, Merrill Lynch, Pierce, Fenner & Beane.

Illinois Power Co., Decatur, Ill.

July 2 company has filed a recapitalization plan with SEC pursuant to Section (11) E of the Utility Holding Company Act. The plan differs in one essential from the financing application filed with the Commission last April. It calls for complete cancellation of the interest held in the company by its statutory parents, North American Co. and North American Light & Power Co. These holdings comprise stock, dividend arrears certificates, Central Terminal Co. notes and warrants to purchase an additional 300,000 Illinois Power common shares. The plan follows the financing application in providing for issuance of $10,000,000 of new preferred stock to raise funds for paying off the $11,596,680 of dividend arrears certificates and in calling the existing $24,175,000 preferred stock for redemption in order to force its conversion into common on a basis of two shares for one. An underwriting will be arranged for the conversion in order to sell the amount of common stock needed to pay off the preferred not tendered for conversion. Probable underwriters include Merrill Lynch, Pierce, Fenner & Beane; Otis & Co., and the First Boston Corp.

Indianapolis (Ind.) Power & Light Co.

April 24 it was reported that company probably will replace its $32,000,000 first 3¼s due May 1, 1970, with new lower-cost securities. Probable underwriters include Lehman Brothers; Blyth & Co., Inc., and Halsey, Stuart & Co. Inc.

International Dress Co.

June 26 it was reported that company is planning some new financing. Otis & Co. reported as probable underwriter.

Interstate Power Co. (Del.)

May 21 pursuant to amended plan filed with SEC company proposes to sell through competitive bidding $20,000,000 new first mortgage bonds and such number of 3,000,000 common shares as may be necessary to enable the company to carry out the provisions of the amended plan. Probable bidders include the First Boston Corp.; Halsey, Stuart & Co. Inc. (bonds only); Dillon, Read & Co. Inc. (stock only).

Kansas City Power & Light Co.

July 9 it was reported that company may in near future refund its outstanding $38,000,000 bonds and 40,000 shares of preferred stock, with securities carrying lower coupon and dividend rates. Probable bidders include Halsey, Stuart & Co. Inc. (bonds only); The First Boston Corp.; Mellon Securities Corp.; Harriman, Ripley & Co.

Kansas Power & Light Co., Topeka, Kan.

May 31 reported company probably will replace outstanding bonds and preferred stock with new lower cost securities. Probable bidders if securities are sold include Halsey, Stuart & Co., Inc. (bonds only); The First Boston Corp.; Blyth & Co., Inc.; Kidder Peabody & Co.; Harris Hall & Co. (Inc.).

Keystone Steel & Wire Co.

August 6 reported negotiations are under way between certain stockholders of Keystone and a group of securities firms headed by The First Boston Corp. for public sale of 182,316 shares of Keystone stock held by the former group. The stock is understood to represent holdings of W. H. Sommer, former President of Keystone, and of Forest Park Home Foundation, a charitable organization.

Kimberly-Clark Corp., Neenah, Wis.

Aug. 9 stockholders approved an increase in authorized common stock from 1,000,000 to 3,000,000 shares and a two-for-one split in outstanding shares. On completion of split-up, 1,800,480 shares would remain for use in future financing. Stockholders also authorized a new issue of 125,000 shares ($100 par) preferred stock to be subordinated to the present 4½% cumulative preferred as long as any such stock remains outstanding. The additional common stock may be offered for sale later this year in connection with the company's expansion program. Probable underwriters include Lehman Brothers, First Wisconsin Co. and Hallgarten & Co.

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Kingdom of the Netherlands
July 11 it was stated that the forthcoming $50,000,000 bond issue to be floated by the Netherlands Government in the American market by a syndicate of investment banking houses headed by Kuhn, Loeb & Co. will carry an interest rate of 3½% and will run 25 years. Although it was intended to file the issue with the SEC the week of July 19, the filing has been delayed due to unsettled market conditions.

La France Industries
Oct. 15 stockholders will vote on approving (among others) the creation of 71,273 shares of 4% cumulative convertible preferred stock (par $20), which company proposes to exchange for the 6% preferred stock (par $100) on the basis of six new for each share of old.

Lytton's, Henry C. Lytton & Co.
Aug. 28 stockholders will vote on authorizing an increase in capital stock from 500,000 to 1,100,000 shares. Of the proposed shares, 100,000 would be preferred stock (no par) and the balance common stock. The proposed increase will permit a public offering of 50,000 shares of the new preferred, the proceeds of which will be used for expansion purposes. Probable underwriter, Allen & Co.

Magma Copper Co.
Aug. 29 stockholders will vote on increasing the authorized capital shares to 1,200,000 from 410,000. Of the additional 790,000 shares, between 200,000 and 250,000 shares will be offered to stockholders at prices and amounts to be determined by directors. The purpose of the financing is to provide for development and equipment of the company's large low-grade San Manuel copper ore body in Arizona.

Michigan-Wisconsin Pipeline Co.
Edward Hopkinson, Jr., Drexel & Co. attorney, expressed the opinion at a hearing before the Federal Power Commission that Michigan-Wisconsin Pipeline Co. can market its securities to finance construction of a natural-gas pipe line. The company completed direct testimony Aug. 19 before a Commission examiner on its application to build a $48,000,000 line from the Hugoton Field of Texas and Oklahoma. Mr. Hopkinson said it might be possible to reduce from 3¼% to 3% interest on $30,000,000 in 20-year first mortgage bonds which the company plans. Initial financing as outlined by the company also would include $17,000,000 of common stock. Fourth year financing would call for issuance of $14,000,000 of 5% preferred stock to be retired through a sinking fund over 20 years and $12,000,000 in 3.14%, first mortgage bonds.

Mid-Valley Distilling Corp., Archbald, Pa.
August 7 company expects to file a registration statement in near future covering an issue of stock, with E. F. Gillespie & Co., New York, as underwriter. The proposed offering under Regulation A Filing has been withdrawn.

● **Missouri Public Service Co.**
Aug. 27 reported company plans to issue $750,000 of 2⅞% 30-year first mortgage bonds. Proceeds to be used for improvement of plant facilities. May be placed privately.

National Blouse Co.
Aug. 14 reported company planning sale of common stock with First Colony Corp. as underwriter.

National Container Corp.
May 23 it was reported that company may refund its outstanding $4,300,000, 5% debentures due 1959 later this year with new lower-cost securities. Probable underwriters Van Alstyne, Noel & Co.

National Gas & Electric Corp., New York
June 11 company filed with SEC a voluntary plan of simplification and recapitalization calling for retirement of the company's entire funded indebtedness through a series of financing operations. The plan provides, initially, for redemption of the presently outstanding 5% first lien collateral trust bonds by using the proceeds of a new $2,100,000 secured bank loan, and the repayment of this bank loan with funds to be received by the corporation as a result of the refunding of the bonds of its wholly-owned subsidiaries—National Utilities Co. of Michigan, and Industrial Gas Corp. of Ohio. The new $980,000 first mortgage 3% bonds of the Michigan subsidiary would be sold privately at par and accrued interest through an investment group consisting of Battles & Co., Inc., Philadelphia; G. H. Walker & Co. of Providence, R. I., and Smith, Landeryou & Co., Omaha, Neb. Under the plan, National Gas & Electric also would dispose of its holdings in Northern Indiana Fuel & Light Co.

Neisner Brothers, Inc.
July 30, in addition to the declaration of an increased dividend on the common stock, directors voted July 30 to recommend to stockholders an increase in the authorized capital shares from 400,000, of which 206,000 are now outstanding, to 2,000,000, paving the way for a 3-for-1 split-up. The rest of the unissued common stock would be used for corporate purposes. A special meeting of common stockholders will be held about Sept. 1.

Neptune Meter Co.
Sept. 16 stockholders will vote on changing 250,000 shares common (no par) to 250,000 shares common (par $5) and on increasing authorized amount to 350,000 shares. It is proposed to offer for sale 67,454 common shares and 9,723 unissued $2.40 dividend preferred stock to provide additional capital funds. Probable underwriter, Riter & Co.

New York Ontario & Western Ry.
July 29 company asked the ICC for authority to issue $2,600,000 of 3% equipment trust certificates. Proceeds will be used to help pay for four diesel-electric freight locomotives and 23 diesel-electric switching locomotives. Probable bidders include Halsey, Stuart & Co. Inc., and Salomon Bros. & Hutzler.

New York State Electric & Gas Corp.
August 6 a revised refunding plan has been filed with the New York P. S. Commission which contemplates refunding the 3¾% bonds with an equal face amount of new bonds and the issuance of $15,000,000 new preferred stock of which $12,000,000 is to replace a like amount of preferred now outstanding.

Northern Indiana Public Service Co.
April 17 reported that company has under consideration the refunding of its $45,000,000 series C 3⅛s with issue of about same size carrying lower coupon rate. Probable bidders, Halsey, Stuart & Co. Inc., and Harriman, Ripley & Co.

Northern Pacific Ry., St. Paul, Minn.
It was reported April 10 that company has under consideration the refunding of $55,000,000 collateral trust 4½% bonds due 1975 and the issuance of a new series of collateral trust bonds. Prospective bidders, Morgan Stanley & Co., Halsey, Stuart & Co. Inc., and Kidder, Peabody & Co.

Ohio Public Service Co.
May 28 it was reported that early sale by Cities Service Power & Light Co. of its common stock holdings of Ohio Public Service Co. was probable following the virtual completion of the refunding program of this subsidiary. This is one of the few remaining steps prior to complete divorcement of the Cities Service Co. from the utility field in compliance with the Public Utility Holding Company Act.

● **Ohrbach's, New York**
Aug. 26 reported that present stockholders may dispose of some of their shares, with A. G. Becker & Co. as underwriters.

Oklahoma Gas & Electric Co., Oklahoma City
Company contemplates at same time Standard Gas & Electric Co. sells its holding of common stock (in accordance with SEC regulations) to sell approximately 140,000 shares of new common stock, proceeds of which will be used to reimburse treasury and retire bank loan used in redeeming the 7% preferred stock. Probable bidders will include Merrill Lynch, Pierce, Fenner & Beane; The First Boston Corp., and White, Weld & Co.

Pacific Lighting Corp.
June 7 directors authorized the management to prepare plans for refunding the corporation's 200,000 shares (no-par) cumulative $5 dividend preferred. Blyth & Co. will probably be underwriters.

Pacific Telephone & Telegraph Co.
July 25 company applied to California Railroad Commission for authority to issue $75,000,000 40-year debentures and to sell 328,125 shares (par $100) common stock, the latter to be offered for subscription to preferred and common stockholders pro rata. Debentures are to be sold competitively with Morgan Stanley & Co.; Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., as probable bidders.

Pharis Tire & Rubber Co.
Sept. 16 stockholders will vote on a split-up of the common stock on the basis of an exchange of two new shares for each old share, and on authorizing 100,000 shares ($20 par) preferred stock.

Portland General Electric Co.
July 9 it was stated that the 236,819 shares of common stock (now owned by Portland Electric Power Co., parent) may be publicly offered later this year, in compliance with the Utility Holding Company Act. Probable bidders include Blyth & Co., Inc.

● **Republic Natural Gas Co.**
Aug. 29 reported directors considering refinancing of the present long term debt to provide additional funds for property development.

St. Louis (Mo.) Public Service Co.
April 19 the company petitioned the Missouri Public Service Commission to simplify its financial structure, including reduction in interest and sinking fund changes. Company proposes to retire current funded debt ($11,640,683) and to issue up to $10,000,000 new bonds, but limited originally to $6,000,000. Probable bidders include White, Weld & Co.; Blyth & Co., Inc., and First Boston Corp.

● **St. Regis Paper Co.**
Sept. 18 stockholders will vote on proposed changes in the capital, structure designed to provide funds for financing expansion program and increasing working capital. As an initial step in refinancing program, directors have called for redemption on Oct. 1 all of the company's outstanding 5% cumulative second preferred stock. Stockholders will be asked to authorize an issue of 250,000 shares of new first preferred stock, ($100 par). to be issuable in series, as the directors may determine.

Savoy Oil Co., Tulsa, Okla.
July : stockholders increased authorized common from 150,000 shares (par $5) to 300,000 shares (par 25c). Shareholders will receive rights to subscribe to 100,000 shares at not less than $2.50 a share. Remaining shares will be optioned to directors at same price.

Seamprufe, Inc.
Aug. 14 reported company, manufacturer of women's underwear, planning sale of preferred stock with First Colony Corp. as underwriter.

Southern Co., New York
The Southern Co. (to be successor to Commonwealth & Southern Corp.) proposes to sell for cash (when Commonwealth's recapitalization plan becomes effective) sufficient common stock to realize $10,000,000, to be invested in Southern Co.'s subsidiaries and new construction.

Southern Electric System, Inc.
May 10 pursuant to substitute plan for retirement of preferred stocks of Electric Power & Light Corp., filed with SEC common stockholders of Electric Power & Light Corp., would be given rights to subscribe to United Gas Corp. common stock and stock of the new holding company Southern Electric System, Inc. The latter company would be formed to hold the stocks of Arkansas Power & Light Co., Louisiana Power & Light Co., Mississippi Power & Light Co., and New Orleans Public Service Inc.

Southern Railway (9/4)
Bids for the purchase of $7,880,000 equipment trust certificates series LL, dated Sept. 15, 1946 and due in 10 equal annual installments from Sept. 15, 1947, will be received at company's office, room 2018, 70 Pine St., New York 5, N. Y., up to 12 noon, EDST, Sept. 4. The dividend rate must be specified in the bid.

Standard Brands, Inc.
Oct. 2 stockholders will vote on authorizing a new class of preferred stock. If proposal is approved, it is expected that an initial series of new preferred stock will be issued for the purpose of refunding 200,000 outstanding shares of $4.50 dividend (no par) preferred. Probable underwriters, Dillon, Read & Co. Inc., and Blyth & Co., Inc.

Stetson (John B.) Co., Philadelphia
July 5 company was reported negotiating for the purchase of Mallory Hat Co. This transaction and other phases of the company's expansion program will, it is said, necessitate a long-term loan of $2,500,000.

● **Stix, Baer & Fuller Co., St. Louis**
Aug. 28 company announced that it expects to issue and sell 40,759 shares of common stock (par $5) after the proposed split-up of present $10 par stock to be voted on Sept. 7. Certain stockholders plan sale of 62,000 outstanding shares making total offering 102,759 shares. Underwriting is expected to be headed by Goldman, Sachs & Co.

Thatcher Glass Manufacturing Co.
August 29 stockholders of Thatcher Mfg. will vote on changing name to Thatcher Glass Mfg. Co. and increase authorized capital stock from 750,000 shares (no par) to 1,500,000 shares (par $5) and exchange two old shares for one new. If conditions warrant, company intends to make a public offering of from 50,000 to 75,000 common shares later this year. Negotiations for underwriting such public offering are not yet completed.

Toledo (Ohio) Edison Co.
May 28 it was reported that a refunding program is contemplated at an early date for this company to be followed later by sale at competitive bidding of the common stock now held by Cities Service Power & Light Co.

Tucker Corp., Chicago
August 7 negotiations with an investment house to underwrite an initial public issue of about $20,000,000 to finance his venture into the automobile field with a rear-engine passenger car has been completed by Preston Tucker. The name of the investment house was not made public but it was stated an announcement of the financing would be made public in about five weeks.

Union Electric Co. of Missouri
It is rumored that company contemplates refunding its outstanding $90,000,000 3⅜s of 1971 with lower cost obligations. Possible bidders would include Dillon, Read & Co. Inc., and Halsey, Stuart & Co., Inc.

Union Pacific RR.
May 9 it was reported officials are considering the question of meeting the $100,000,000 first mortgage railroad and land grant 4's due July 1, 1947. However it is felt maturity date is too far away to determine now whether issue will be paid off in cash or will be refunded. If company decides to refund through new issue probable bidders will be Kuhn, Loeb & Co., and Halsey, Stuart & Co. Inc.

United States Finishing Co.
Sept. 30 stockholders will vote on recapitalization plan which provides for a new class of 63,000 shares (no par) $4 convertible stock and increase in common from 200,000 shares to 500,000 shares (no par). Holders of outstand-

ing 7% preferred will have privilege of exchanging their stock for new \$4 preferred and common on basis of 1¾ shares of new preferred and 1¾ shares of common for each share of old preferred. If plan is consummated a total of 123,142 shares of common stock will be available for subsequence issuance.

Verney Corp., Boston, Mass.

July 3 the management has under consideration the simplification of the company's preferred stock and debt structure. Nothing definite as to the types of securities that may be issued has been reached as yet. Underwriters may include F. S. Mosley & Co.; White, Weld & Co.; Ladenburg, Thalmann Corp., and Lee Higginson Corp.

Wabash Railway

May 1 it was reported that company may possibly refund its \$47,000,000 first mortgage 3¼s of 1971 with a lower coupon issue. Possible bidders include Halsey, Stuart & Co., Inc., and Kuhn, Loeb & Co.

Waitt & Bond, Inc., Newark, N. J.

June 12 it was reported company has under consideration a refinancing program. Announcement expected at early date.

Waterman Airlines

July 17 reported company contemplates new financing. Company intends to conduct a non-stop air cruise between New Orleans, San Juan, Puerto Rico and San Juan and New York.

Western Maryland Ry.

May 22 reported company working on plans to refinance \$44,901,000 first mortgage 4s. Probable bidders include Kuhn, Loeb & Co., and Halsey, Stuart & Co. Inc.

Western Pacific RR.

April 11 ICC conditionally authorized company to issue \$10,000,000 first mortgage bonds, series B, due Jan. 1, 1981, proceeds to be used to refund a like amount of first mortgage 4% bonds due Jan. 1, 1974, and held by RFC. Interest rate to be specified in bids. The directors rejected the conditions attached by the ICC but on re-hearing the ICC July 19 affirmed its original order. Probable bidders include Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Beane; Shields & Co., and Glore, Forgan & C.

White Auto Stores, Inc.

June 24 reported an early registration of 75,000 shares of convertible preferred stock and 50,000 shares of common stock expected with First Colony Corp.; Rauscher, Pierce & Co.; B. V. Christie & Co.; Courts & Co., as underwriters. Preferred represents new financing, common being sold by stockholders. Expected preferred will be offered at \$20 and common at \$10 per share.

Wisconsin Public Service Co., Milwaukee, Wis.

May 20 it was reported that Standard Gas & Electric Co. expected to sell at competitive bidding some time this year its holdings of 1,099,970 shares of common stock. Probable bidders include The Wisconsin Co.; The First Boston Corp.; Harriman Ripley & Co.

20th Century Fund Study of Needs and Resources

The total productive power of America is being measured in a new survey by the 20th Century Fund that will balance this country's resources, human and material, against its estimated needs for all kinds of goods and services for the decade 1950-1960. Announcement of the survey, which is expected to be completed early in 1947, was made on Aug. 19 in the Fund's annual report issued by its Executive Director, Evans Clark. The new survey is being directed by Dr. J. Frederic Dewhurst, Economist of the 20th Century Fund. A staff of 20 contributors has been preparing various secitons of the report. The survey will be issued under the title, "America's Needs and Resources."

The survey is described as the most extensive project ever undertaken by the Fund in the 27 years since this endowed research foundation was established in 1919. The announcement in the matter also said:

"Every part of America's economic system comes within the scope of the survey. An introductory section will analyze our enormous productive output during the war, show what factors made it possible, and examine trends in productivity per worker, population, income, expenditures, savings, etc., as guides to the future. Detailed sections will examine what our country is likely to require in such major fields as food, clothing, housing, medical care, education, transportation and others. These will be analyzed in the light of our income and spending patterns to get a summary of both needs and probable demand in goods and services for the country as a whole.

"Estimates are being made of what our capital requirements are likely to be in such things as productive plant and equipment and urban and regional redevelopment. Costs of government and the extent and nature of foreign trade will be fitted into the picture for the 1950-1960 decade covered by the estimate. A final section will analyze the fundamentals of America's productive power in terms of labor force, natural resources, agricultural capacity and industrial capacity. It will forecast what our economic system can accomplish if operated at high levels in 1950 and 1960."

The Fund's annual report reveals that the Fund, in addition to the main survey of needs and resources, will also issue a shorter volume giving the highlights of the same material. This will be illustrated by graphs and pictorial charts and will bear the title, "USA in 1950." Other forthcoming surveys described in the annual report will deal with cartels, monopoly in domestic business, and America's foreign economic relations.

John H. Fahey is President of the 20th Century Fund; Henry S. Dennison is Chairman of the Executive Committee, and Morris E. Leeds is Treasurer. The other members of the Board of Trustees are: A. A. Berle, Jr., Francis Biddle, Bruce Bliven, Percy S. Brown, Oswald W. Knauth, Robert S. Lynd, James G. McDonald, William I. Myers, Charles P. Taft, Harrison Tweed and W. W. Waymack.

V-J Day Message From Attlee

A message from British Prime Minister Attlee was received by President Truman on Aug. 14, anniversary of V-J Day, and according to Associated Press London advices, read as follows:

"On this anniversary of our common victory, we join in tribute to the brave men and women of the Allied nations whose sacrifices made victory possible.

"We share your deep conviction that their example must inspire us all to advance together toward that good-will on earth for which they fought so gallantly."

No Ground for Permanent Regulation of Consumers Credit

By MYRON R. BONE*
Editor, The Industrial Banker

Writer contends there is no sound evidence that consumer credit causes business cycle to rise or fall, or that volume of consumer credit has direct bearing on inflationary or deflationary trends. Attacks proposition of Federal Reserve Board to make Regulation W permanent, holding it is a step toward a planned and controlled economy.

The Federal Reserve Board is recommending that Congress authorize and direct the system to continue the regulation of consumer credit on a permanent basis as an integral part of the Federal Reserve function of maintaining sound credit conditions.


Myron R. Bone

Arguments being used by the Board are reminiscent of those broadcast by people who would continue OPA indefinitely.

The Board's annual report for 1945, recently released, contains this paragraph:

"Any expansion of consumer credit will tend to aggravate a generally inflationary situation and, therefore, should be kept within moderate bounds. It is during the period while this danger remains acute that consumer credit regulation, like other anti-inflationary measures, is most essential. Unless powerful inflationary forces can be held in check during this period, they will generate the very situation in which powerful deflationary forces well known to be even more difficult to hold in check, will begin to operate and be likely to gather momentum."

While it is a known fact that the volume of consumer credit follows the business cycle, no sound evidence has ever been produced to indicate that it causes the cycle to rise or fall. Consumer credit expands and contracts with general business because people who use it naturally tend to go more deeply into debt when the prospects for paying their obligations are best, and stay out of debt, so nearly as they can, when the outlook is not good for prompt liquidation.

Total consumer credit has never been great enough in volume to swing the business cycle or to have any noticeable effect on general prices. In 1941 when consumer credit reached its all time peak, it amounted to one-third of outstanding commercial bank loans, only 2½ times all personal taxes and less than half of personal and business taxes.

Any inflationary influence could be marked by comparing the trends of consumer credit with those of the index of the cost of living. In 1933 both the volume of consumer credit and the cost of living index were at a low point. Thereafter consumer credit increased even more rapidly than the index of total production, but the cost of living remained relatively stable from 1935 to 1940. After 1941, although the volume of consumer credit took a nose dive, the cost of living went sharply upward. After 1943 the volume of consumer credit proceeded to increase at a rapid rate, but the cost of living leveled off.

Therefore, there is nothing in the Board's own figures to support the Federal Reserve's contention that consumer credit is, or ever has been, of sufficient volume to exert even a minor influence on the total business picture, or on either inflation or depression.

This does not mean that consumer credit lacks importance to certain special industries, such as automobiles and home appliances, or to consumers as a group. If the Federal Reserve Board wished to control these special phases of our economic life, its arguments about consumer credit would be deserving of some respect. But to apply them to total production and to the fluctuating value of the dollar is nothing short of ridiculous.

So far as the loan business is concerned, there can be no argument whatsoever. Of the $7.4 billion outstanding in consumer credit on April 30, 1946, only $1.7 billion was in the form of loans repayable in monthly instalments. Considerably larger amounts comprised charge accounts and small single payment loans and, once we get back into production, instalment sales credit will account for another large section of the total. For the Federal Reserve Board to regulate business such as is handled by industrial bankers, so long as this regulation is for no better purpose than to avoid inflation or deflation, or both, is an outright waste of the taxpayers' money.

Members of Congress, newspaper editors and national associations of credit executives, in steadily increasing number, are pointing out the fallacies in arguments being advanced by the Reserve Board and they are becoming more insistent in their pleas for relief from the heels of advocates of a Federally planned and controlled economy.

*Reprinted with permission from the "Industrial Banker," August, 1946.

Re-establishment of Clearance by Stock Clearing Corp.

As a result of the change in methods of delivery and quoting stocks ex-dividend, incident to the inauguration by the New York Stock Exchange of the Third Day Delivery Plan, which becomes effective today (August 29) attention was directed by the Exchange on Aug. 23 to certain circumstances which will exist over the current week-end, Louis Schade, Acting Director of the Department of Floor Procedure on the Stock Exchange in his letter to members on Aug. 23 said:

Tuesday, Sept. 3, 1946, will be "Delivery Day" for the following types of transactions:

"Delayed Delivery" and "Seller's Option" which mature on Tuesday, Sept. 3rd;

"Seller's Option", where notice for delivery is given on Friday, Aug. 30th, for delivery Tuesday, Sept. 3rd;

"Regular Way" in U. S. Government securities made Friday, Aug. 30th;

"Cash" made Tuesday, Sept. 3rd;

Loans made or called for delivery on Tuesday, Sept. 3rd.

While no "Regular Way" contracts, other than those referred to above, will be deliverable on Tuesday, Sept. 3, 1946, this day must not be considered as a "non-delivery" day. In addition to deliveries against the types of contracts referred to, members must accept deliveries against failures.

Pursuant to the amended Rules, deliveries made on Tuesday, Sept. 3, 1946, except against "Cash" contracts made that day, shall be due before 12:30 p.m.

The right to "buy-in" may be exercised on Tuesday, Sept. 3, 1946, under the amended Rules.

All stocks for which records for dividends are to be taken on Friday, Aug. 30th, Saturday, Aug. 31st, Monday, Sept. 2nd, and Tuesday, Sept. 3rd, will be quoted ex-dividend on Thursday, Aug. 29, 1946.

An item on the resumption of operations by the Stock Clearing Corp. appeared in our issue of Aug. 8, page 788.

John Dassau Dead

John Dassau, partner in Ungerleider & Co., 41 Broad Street, New York City, died at Doctors Hospital in New York. Mr. Dassau joined the Stock Exchange as a bookkeeper in 1920 and was successively accountant, comptroller and Treasurer, assuming the last post in 1938. In 1940 he became first Vice-President of the Stock Clearing Corporation, a subsidiary of the Stock Exchange. He resigned in 1944 to join Ungerleider & Co.

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The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

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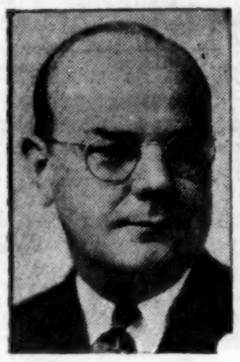
Federal Financial Operations in Fiscal Year Ending June 30, 1946

Secretary of Treasury Snyder reviews receipts, expenditures and changes in public debt with previous year comparisons. Expenditures reduced $35.4 billions, but net deficit is just under $42 billions. Public debt increased $10½ billions in year ending June 30, 1946.

The following is the official statement of financial operations of the United States Government during the fiscal year ending June 30, 1946, as published in the Treasury monthly Bulletin, August, 1946:



John W. Snyder

Summary

The Treasury closed its books with a deficit of $22.0 billion as compared with a deficit of $53.9 billion last year, excluding transactions in checking accounts of governmental corporations. Operations in governmental corporation accounts (other than sales and redemptions of obligations in the market) resulted in net receipts for the year of $1.0 billion, as compared with net receipts for the preceding fiscal year of $0.4 billion.

The public debt, including publicly held guaranteed obligations, stood at $269.9 billion on June 30, as compared with $259.1 billion a year ago, an increase of $10.8 billion. The general fund cash balance at the close of the year amounted to $14.2 billion, which was $10.5 billion below the balance on June 30, 1945. The year was marked by drastic reductions in government expenditures due to the cessation of hostilities, by a substantial improvement in the budgetary outlook, and by the commencement of debt retirement on March 1.

Receipts

Net receipts after deducting $1.2 billion for the Federal Old-Age and Survivors Insurance Trust Fund, amounted to $43.0 billion, which is $3.4 billion less than the year before. Total expenditures amounted to $65.0 billion as compared with $100.4 billion last year, a reduction of $35.4 billion.

The reduction in receipts was accounted for largely by a decrease in income taxes. Income taxes withheld by employers under the current Tax Payment Act of 1943 amounted to $9.4 billion as compared with $10.3 billion the year before. Other income taxes amounted to $21.5 billion as compared with $24.9 billion in 1945.

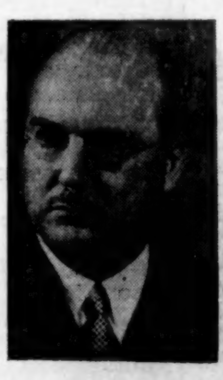
(Continued on page 1186)

Monopoly and the Public Dollar

By EDWARD P. HODGES*
Special Assistant to the Attorney General

Asserting basic requirement for good government is good management of its economic affairs, Mr. Hodges lays stress on importance of economy in purchasing of supplies by public agencies. Contends there exists monopoly practices in supplying governments and points to identical prices, the withholding of offerings, and the like, as indications of this. Sees relief from situation in suits to restrain monopolies, the halting of collusive bidding, and in investigations of all identical bids. Urges vigorous enforcement of the Sherman Anti-Trust Act.

The American nation is now emerging from the greatest war effort of its history. In the aftermath of war and victory this country is engaged in the tremendous task of reconversion to establish the foundations of an enduring peace and a lasting prosperity.



Edward P. Hodges

It is axiomatic that one essential to the welfare of a free society is good government, and a basic requirement of good government is good management of its economic affairs. The times do not permit this statement to be taken as a commonplace. It is important that we demonstrate the efficiency of democracy in peace as well as in war. And if democracy is to succeed, it must have the abiding faith and unqualified support of the people of the nation. The processes of government touch the lives of the vast majority of citizens most closely at the local level. Lengthy eulogies about our political institutions mean little to them if they are confronted by waste and inefficiency. Their picture of how the governmental process operates is derived largely from the way local officials administer the economic affairs with which they are entrusted.

The magnitude of the job in-

(Continued on page 1188)

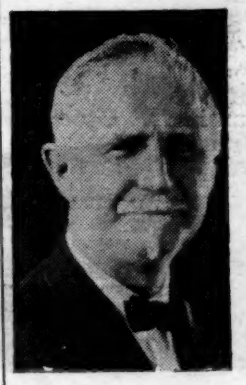
*An address by Mr. Hodges before the National Institute of Government Purchasing, Inc., Chicago, Ill., Aug. 19, 1946.

When to Buy!

By ROGER W. BABSON

Mr. Babson warns that because of lack of adjustment between wages and prices, there is bound to be deterioration in quality of products, and urges buyers have patience and wait. Holds, if wages continue to rise, living costs will rise, and no OPA can stop it. Says ample supply of goods may not come before 1948.

Many businesses are still feeling the effects of the strikes in the steel and coal industries. Shortages of raw materials, plus increased costs of production due to wage increases and OPA regulations on sales do not give incentive to mass production of goods. Some companies have preferred to remain out of the active market rather than risk getting into trouble with the OPA. Typical of this kind have been the big meat packers. Recently, with OPA restrictions off, some of the packers, after several months absence from the market, were again bidding for livestock.



Roger W. Babson

The price rises which have come in the wake of higher wages have not yet proved discouraging to those who have war savings to spend. This clamor for already scarce goods helps make the situation worse. Although one big company, close to 1941 production, is turning out thousands of washing machines and refrigerators daily and the production of other commodities is speedily ris-

(Continued on page 1189)

GENERAL CONTENTS

The Financial Situation

There is one simple but vitally important fact which the events upon the international scene during the first postwar year should have taught even the dreamers of Utopia. That truth is that the great powers (or in some instances, at least, the smaller powers), either have not yet reached the point at which they are willing to forego their interests, not to say their ambitions, even to the point of assuming the risk of permitting world opinion, after full discussion, to adjudicate them. The notion that a point in world history had been reached where these difficulties which have for centuries been causing war could be controlled in some such way is, of course, the cornerstone on which it has been hoped to erect the United Nations organization. It remains to be seen what, if anything, this ambitious venture can accomplish, but it is now evident enough that the foundations upon which its promoters have been building, or trying to build, are not sound and solid, if indeed they really exist at all.

Recent Indicators

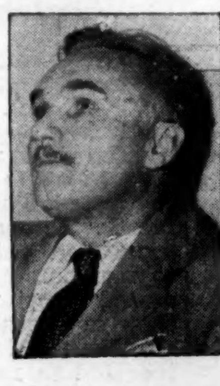
The developments of the past few weeks have been particularly pointed in this regard. The Marshal Tito incidents are typical. If this dictator had been acting wholly upon his own initiative and responsibility, his behavior would have been less important but would have given clear indications of what one small nation was thinking and intended to do about "world cooperation." What the matter actually reveals—so far as the facts, or essentially the same facts had not already been made clear—was how little idea Russia has of abandoning ancient rules of conduct and maneuver in world affairs for any new idealistic means of controlling the conflicts of mankind. These incidents from beginning to

(Continued on page 1184)

From Washington Ahead of the News

By CARLISLE BARGERON

It seems ironic, but something which the Republicans sought to do for years, destroy the myth of Roosevelt's bigness or greatness, is in the process of being done by his friends. They don't intend to be doing this. It is a commentary on their own intellect that what they are writing admiringly about their hero can be interpreted by others in no other way than to show his utter smallness, his lack of depth, his incapacity for the job which he held.



Carlisle Bargeron

First, there is his son, Elliot, who has written a book, chapters of which are being run in "Look" magazine. Elliot undoubtedly thinks that the description he gives of his father's meeting with Churchill at sea in 1941 shows his dominance over the British Prime Minister, his ability to handle himself in international politics. Instead, it reveals Roosevelt as a playboy who thought he was tremendously smart, as he undoubtedly did. The night before Churchill comes aboard the American man-of-war, Roosevelt is laughingly telling Elliot what he intends to do to him in the battle of wits. From Elliot's story the impression is gotten that his father was rehearsing what he planned to say when Churchill said such and such a thing. He taunted Churchill about Britain's colonial policy. At the time the American people were being told that the British Empire was our bulwark against Hitler. We had to see that it did not fall, for our own sake. This was our only possible justification for entering the war. Yet we learn from Elliot, and indeed from others—and we haven't the slightest doubt—that had the great FD lived, he would now be bent upon destroying that empire through agitation and pressure for the establishment of "democracy" in Egypt, India and the like.

There is not the slightest doubt that he would be right in there with Russia shouting about Britain's "imperialism." From Elliot and Mrs. Perkins we learn that the great master mind had not the slightest understanding of Russia, not the slightest idea that it

(Continued on page 1196)

Even So, What Then?

"The board found that meat prices have risen unreasonably above June 30 ceilings plus subsidy. Reports of these unreasonable price increases were received by the board from a wide variety of sources.

"The reported price advances ranged, in the case of livestock, from 20% to 50%, in the case of wholesale meat prices, from 35% to 80%, and corresponding increases have been reported in the case of retail meat prices. A part of these increases is attributable to the lapse of subsidies. However, for the most part prices reported were beyond question unreasonably above ceilings, plus subsidies.

"The board has found that the supply of meat has been and will continue to be short in relation to demand at reasonable prices. It is estimated that production of meat will be somewhat smaller than in the comparable period last year. It is well known that consumer demand has far exceeded meat supplies over the last several years."—Price Decontrol Board.

Along with millions of others, we must question the accuracy of these findings. But suppose they were true, how could we ever shake off this yoke of bureaucratic control if we must wait for basic change in these demand-supply relationships, which, of course, tend to be frozen under existing conditions?

Truman Plan for Increasing Refugee Quotas Finds Congressmen Cool

A White House statement on Aug. 16 announced that President Truman was considering asking Congress for special legislation to permit the entry into the United States as permanent residents, of European refugees, including Jews, and that he hoped that countries other than the United States would extend further hospitality to displaced persons from Europe. However, the Associated Press, which reported this announcement from Washington, stated on the following day that appearances were that little immediate support from recess-scattered Congressmen could be expected for the proposal. These advices reported that Senator Charles O. Andrews (D.-Fla.), a member of the Senate Immigration Committee, had declared that "in my judgment the Immigration Committee will not be in favor of increasing the quotas." The Senator added, "If we continue to admit these peoples in increasing numbers, eventually we would be in the same fix as other countries."

A similar position was said to have been taken by the ranking minority member of the House Immigration Committee, Representative Noah M. Mason of Illinois, who was reported to have said that "the attitude of our Committee has been all along that we should not open the doors of the nation to an extra number of immigrants over and above the quota which is already established and has been since 1924." Representative Ed Gosset of Texas, ranking Democratic member of the Immigration Committee, was reported to be "vigorously" opposed to any increase in immigration quotas. Approval of the President's plan was voiced by Senator Glen H. Taylor (D.-Idaho), who is quoted as saying: "The population problems in Europe are insoluble unless the gates of all countries, including our own, are opened to allow a fair and proportionate number of these victims of Hitlerism."

Tugwell Gets New Puerto Rican Post

Rexford G. Tugwell, who resigned as a Governor of Puerto Rico on June 30, has been appointed chief of a newly created center of social science investigations at the University of Puerto Rico at a salary as yet undetermined, according to Associated Press advices from San Juan on Aug. 20, published in the New York "Herald Tribune." These advices continued:

Mr. Tugwell, who arrived here Aug. 17, will retain his post as a Professor of Political Science with the University of Chicago.

Airmail Rate Reduced To 5 Cents Oct. 1

An airmail postage rate of five cents an ounce between all United States territory and members of the armed forces abroad will become effective Oct. 1, under a regulation issued Aug. 14 by Postmaster General Robert E. Hannegan. The existing rate is 6 cents a half-ounce. Mr. Hannegan's regulation was issued immediately after President Harry S. Truman had signed the legislation on Aug. 14 reducing the domestic air mail rate from 8 cents to 5 cents an ounce. The new domestic rate, also effective Oct. 1, makes 5-cent air mail postage applicable to all United States territory wherever located and involves reductions from rates now ranging as high as 90 cents an ounce. The Post Office Department anticipates that the reduced domestic rate will bring an unprecedented air mail volume. An active promotion of air mail is planned. The Post Office advices also said:

"With members of the United States armed forces stationed in all parts of the world, the Post Office Department, on Dec. 23, 1941, established a rate of 6 cents a half-ounce for air mail to or from the armed forces. Such mail otherwise would have been subject to much higher foreign air mail rates.

"The bill which became law Aug. 14 treats all air mail destined to United States territory as domestic air mail. Mr. Hannegan's regulation extends this principle to members of the United States armed forces regardless of where they are located. The regulation also covers civilian personnel authorized to receive mail through Army or Navy post offices.

"The Post Office Department cited examples to illustrate the effect of the new 5-cent U. S. flag rate. The present air mail postage between the United States mainland and the Canal Zone is 10 cents a half ounce; Canton Island, 25 cents; Guam, 35 cents; Hawaii, 15 cents. Existing air mail postage between Puerto Rico and Guam is 43 cents a half-ounce and between Guam and the Canal Zone it is 45 cents a half-ounce."

Bulletin Issued By 'Journal of Commerce'

The New York "Journal of Commerce" has begun the issuance of a new weekly, "Import Bulletin," the first issue of which appeared on Aug. 19.

As noted in advices received from the paper, the "Bulletin" contains full details of the week's imports into the Port of New York—(1) by vessel, (2) by product, and (3) by point of origin with names of importers and quantities imported. It also contains a tabulated summary of articles imported, along with news highlights of the significant new import materials and finished products that have come into the harbor during the week. It is added that "as soon as the multiple technical details involved are overcome, we hope to include the majority of other U. S. ports in this new service."

In an advance notice of its new publication, the "Journal of Commerce" said:

"The new 'Import Bulletin' will list all the cargoes of every ship entering the Port of New York during the week, broken down by vessel as well as by product. The manifest of each vessel will be separated alphabetically by product and will show the quantity of each shipment, point of origin and name of consignee. A convenient cross index will speed the locating of practically any commodity among the week's arrivals. Other innovations such as the inclusion of other ports along the Eastern seaboard are planned for the coming months.

"In addition, each weekly issue will contain a completely tabulated summary of the articles imported and will spotlight the significant new import materials and finished products that have come into the harbor. It is expected to prove a substantial source of profit information for ship operators, warehousemen, forwarders, importers and all manufacturers and dealers using import materials.

"Distribution of the new 'Import Bulletin' will be limited to subscribers of the 'Journal of Commerce' only, many of whom have already enrolled as subscribers. This special import service has always had a very high value to a number of our import-minded readers, even though it obviously does not interest all of our 33,000 subscribers. After overcoming the obstacle of how to render this service at a nominal cost, we are able to offer this new 'Import Bulletin' in tabloid form at an annual subscription price of $25. Sample copies of the first issue will be available to any subscriber interested in this new service."

Reserve Board Amends Regulation W

The Board of Governors of the Federal Reserve System took action on Aug. 13 to amend Regulation W relating to consumer credit in two respects—the announcement stating:

"The first enlarges the scope of the regulation by making it applicable to all consumer credits up to $2,000 instead of only those up to $1,500. The second reduces the maximum maturity from 18 months to 15 months for instalment loans that are not connected with the purchase of consumers' durable or semi-durable goods. Instalment credits for the purchase of such goods remain subject to a maximum maturity of 12 months, or 15 months in the case of automobiles." The amendment becomes effective Sept. 3.

Average Annual Income in U. S.

The average per capita income of individuals in the United States increased from $575 in 1940 to an all-time high of $1,150 in 1945, the Department of Commerce said on Aug. 22. Despite the sharp contraction in war production after V-J Day, the per capita income increased slightly in 1945, rising 2% from the 1944 level of $1,113, said the report, which continued:

"Per capita income payments include wages and salaries, income from unincorporated business and farms, net rent, dividends, interest, royalties and other items such as veterans' benefits and military family-allowance and dependency allotments.

"The most striking gains in average income during the war years were made by States in the Southeast, Southwest and Northwest regions, areas of relatively low average incomes, the Department of Commerce said. In the high-income regions of New England and the Middle East, the advance in per capita income was much less than the national average. Therefore, wartime developments resulted in some narrowing of the wide prewar differences among States and regions in per capita income.

"However, in 1945 there was still a wide variation in per capita income among the various States, ranging from a top of $1,595 for New York to a low of $556 for Mississippi.

"In addition to New York, other States at the top of the per capita income list were California, $1,480; Connecticut, $1,449; Washington, $1,407; Delaware, $1,381; New Jersey, $1,373; District of Columbia, $1,361; Illinois, $1,360, and Massachusetts, $1,321.

"Rhode Island, Ohio, Michigan, Maryland, Nevada and Oregon fell in the $1,200-$1,300 bracket; Pennsylvania, Indiana, Wisconsin, Iowa, Kansas, Nebraska, North Dakota, Montana and Colorado in the $1,100-$1,200 bracket, and Maine, Vermont, Minnesota, Missouri, South Dakota, Wyoming, Utah and Idaho in the $1,000-$1,100 bracket.

"Per capita income in 1945 was below $1,000 in all of the Southern States, in the Southwestern States of Texas, Oklahoma, New Mexico, and Arizona, and in West Virginia and New Hampshire.

"Florida, New Hampshire, Texas, Arizona and Virginia were in the $900-$1,000 bracket; West Virginia, Oklahoma, New Mexico and Tennessee in the $800-$900 bracket; North Carolina, Alabama, Georgia, Louisiana and Kentucky in the $700-$800 bracket; South Carolina and Arkansas in the $600-$700 bracket, and Mississippi, $556.

"In general, there was relatively little change from 1944 to 1945 in the per capita income of the various States. For most States the change varied between a decline of 3% and an increase of 5%.

"The greatest increases were in South Dakota, 16%; Iowa and Minnesota, 10%; Colorado and New Hampshire, 9%; District of Columbia, West Virginia and Tennessee, 7%.

"The greatest declines were in Michigan, 6%, and Washington, 5%."

Analysis of Federal Trade Commission's Findings

An analysis of Federal Trade Commission findings and court decisions under the Robinson-Patman Act has been made available to its members by the Association of National Advertisers, New York. The analysis was prepared especially for A.N.A. by William H. Leahy, attorney and General Counsel of the Dennison Manufacturing Company. The analysis lists the corporate name of the respondent or complainant in each case, gives the nature of the decision and finding and briefly summarizes the import of the decision or finding. The seven page report contains as an appendix a digest of the Robinson-Patman Anti-Discrimination Act.

Consumers' Price Index Of Labor Dept. Up in June

Retail prices of goods and services used by moderate-income city families advanced 1.2% between mid-May and mid-June — the last month before suspension of OPA controls. Said a report issued Aug. 2 by the U. S. Department of Labor, Bureau of Labor Statistics. The report added this: "Higher prices were reported for all groups of items in the family budget. The consumers' price index prepared by the Bureau was 133.3% of the 1935-39 average in mid-June, and 35.2% higher than in Aug. 1939. Retail prices have advanced 2.4% in the quarter between mid-March and mid-June." Continuing the report said:

"June food prices were 2.1% above May as retail prices of dairy and cereal and bakery products rose sharply. Meat prices reported were 0.4% higher on the average. In June shortages of meat continued to be so acute that it was impossible again to obtain an adequate number of price quotations to compute a reliable measure of change in retail meat prices and therefore the June food index understates somewhat the actual rise in food costs. In order that indexes for food and for all commodities could be published, meat prices were assumed to have remained unchanged since they were last reported in 23 of the 56 cities regularly surveyed for food prices. The July index will be based on the usual number of price quotations and will reflect increases in the prices of meat that have occurred since meat prices were last collected.

"The average price of cereal and bakery products increased 6%, reflecting the higher ceiling prices allowed by OPA to compensate for increased grain and other production costs. The cost of dairy products rose 6.6% on the average after the ceiling prices of butter, cheese, milk, and canned milk prices were adjusted in early June. Fresh fruit and vegetable prices dropped 1.5%; eggs moved up seasonally almost 5%.

"June 15 prices were also higher for all other principal groups of living essentials. Clothing prices advancing for the 36th consecutive month, rose 1.0%. Prices for all men's apparel were higher, with light wool suits and cotton suits retailing at 11 and 19% higher this season than last. House furnishings costs advanced 1.6% during the month as slightly higher prices were reported for furniture, towels, and sheets. Miscellaneous goods and services rose 0.6% because of increased costs of medical care, newspapers, haircuts, and automobile liability insurance.

"Bituminous coal prices increased 1.6% between May and June as some retailers took the average 40.5 cents a ton higher ceilings allowed by OPA in June. The 91 cents per ton increase allowed for anthracite coal will be shown in the index in July. Electricity costs were reduced 9% on the average to consumers in Minneapolis.

"Residential rents advanced 0.1% between March and June, continuing the increase begun in the first quarter of 1946. Rents increased on the average in 10 of the 18 cities surveyed during June; were slightly lower in 4 cities; and remained unchanged in four."

Repayment of FDIC Funds Urged in Report

A proposal that the Federal Deposit Insurance Corporation be required to return to the Treasury $150,000,000 advanced to the Corporation at its inception thirteen years ago was advanced in a report to Congress by the General Accounting Office. The report, which was prepared by T. Coleman Andrews, Director of the Corporation Audits Division, said that return of the funds would not impair the operation of the FDIC. It was also proposed that the $139,299,566.99 put up by the Federal Reserve Banks for the initial deposit guaranty fund, into which the Treasury's $150,000,000 also went, be returned to the Banks. Reporting this, Associated Press advices from Washington August 17 continued:

Mr. Andrews recommended that Congress authorize the FDIC's directors to return the Government and the Federal Reserve money "if, in their opinion, such action is advisable." A bill to do that was introduced near the close of the last session, but not acted upon.

The FDIC official said such a return would probably be agreeable to the FDIC if provision were made for transfer over a sufficient period of time—possibly four years—so there would be no abrupt disturbance of the corporation's balances.

The report on the FDIC spoke of its operation as "well managed by its Board of Directors," commented that "its accounting system is well conceived and its accounts are well supervised and kept."

"Although the corporation, since its inception in 1933, has paid out almost $300,000,000 in claims, loans to merged banks, and purchases of assets from merged insured banks, actual losses sustained plus estimated losses, are calculated to amount to only 11.5% of such payments," the report said.

"It is noteworthy that, although the insurance protection to each depositor is limited to $5,000, the corporation's legally authorized practice of making loans to or purchasing assets from merged insured banks in lieu of paying claims to depositors in closed banks results in each depositor's being fully protected against loss."

Meanwhile, the report said, the FDIC has built up a sizable surplus from assessments levied on banks and "it may now be considered that this source of funds is and will be adequate to cover the risk of losses on bank deposit insurance."

"It seems reasonable," the report added, "that the banks whose depositors are insured should eventually contribute all of the funds required for this insurance."

In War Assets Post

The appointment of Northrup Clarey as Deputy Administrator to head the new office of Information and Advertising of the War Assets Administration was announced on Aug. 19 by Robert M. Littlejohn, WAA head.

"Mr. Clarey," continued advices from the "United Press" from Washington on Aug. 19, "a graduate of Williams College, was in charge of advertising, public relations and publications for the Standard Oil Company of New Jersey for many years and was assistant to the President when he retired at the end of 1945." The advices added:

"Mr. Littlejohn also announced the appointment of Frank E. Feliz, formerly a special assistant in charge of war assets public relations, as director of information. He said Carl K. Hart, director of advertising, has resigned to return to private business in Chicago but will continue to serve until Aug. 31. His successor has not been named."

Shearer in FDIC Post

The Board of Directors of Federal Deposit Insurance Corporation has announced the appointment of Russell E. Shearer as Assistant Chief, of the Division of Examination, with headquarters in Washington. Mr. Shearer will have primary responsibility for the educational and training program of the Corporation's examining force, said the FDIC's announcement of Aug. 9, which continued:

"Mr. Shearer has been with FDIC since Nov. 1933, except for three years military service. Before the war he was Assistant Supervising Examiner in the St. Louis, Richmond, and Columbus offices of the Corporation. The educational and training program of the Corporation will make available to all members of its examining force all correspondence courses of the American Institute of Banking. In addition, the program will include orientation courses for newly appointed assistant examiners and courses of specialized resident study at universities in Money and Banking, Economics, Credit Analysis, Bank Accounting, Auditing and Operation and related subjects. All fees and tuition costs will be paid by the Corporation."

Mr. Shearer graduated from Illinois Wesleyan University with an LLB degree and has been a member of the Illinois Bar since 1922. The announcement also stated:

"He entered the Army as a Major and served two years in the European Theater, principally in the Fiscal Branch of the Military Government Section of the Seventh and Third U. S. Armies and with the 80th Infantry Division headquarters. Following the surrender he was responsible for the restoration of the restricted banking system, the account blocking program, and the supervision of insurance companies, stock exchanges, and all other private financial institutions in the Third Army area of Bavaria. At the time of his recent release to inactive duty he held the rank of Lieutenant Colonel."

Vets Loans Now 8.6% Assets of Lending Inst.

Home loans to World War II veterans have expanded at such a rapid rate that they now constitute 8.6% of the assets of the country's specialized home-owner financing institutions. This fact was revealed in the seventh quarterly survey conducted by the United States Savings and Loan League as to the GI loans made by savings and loan associations and co-operative banks. In two states, Alabama and Kansas, the savings and loan associations' veterans loans now constitute more than 15% of their total assets, said an announcement Aug. 25 from the League.

Henry P. Irr, Baltimore, President of the United States Savings and Loan League, says that approximately 146,438 GI loans had been made by the associations as a group by June 30. The total they had loaned to veterans had reached an estimated $775,076,000 by that date, according to the returns from the savings and loan institutions. How much the second quarter of 1946 added to the amount borrowed by the GI's was demonstrated in a comparison of this seventh with the previous sixth quarterly survey, Mr. Irr said. As of March 31, the total loans to veterans were shown at 73,672 in the League's survey. Since they had made 146,438 by June 30, the associations made as many loans in the April-May-June period as they had in all the previous 21 months the GI Bill of Rights had been in effect.

Report Govt. Agencies Starting Economies

A number of Government agencies have announced compliance with President Truman's economy drive, according to Associated Press Washington advices of Aug. 17. The Maritime Commission has met the President's request to reduce new ship construction by 50% by cutting new ship building to less than $50,000,000. Three Mediterranean passenger liners are to be deferred, together with two 900-foot liners for the American President Line's Pacific trade and two Latin-American passenger ships. Personnel decreases by both the Maritime Commission and War Shipping Administration it is stated, have already been started. By next June 30, when WSA ceases to function, it is anticipated that the present 9,000 employees will be cut 3,000.

The Public Roads Administration (and Federal Works Agency, of which it is a part), is reported to have sent letters to all states requesting that they hold road contracts to a minimum so as to hold down the matching funds which the government must supply.

The Interior Department expects to reduce an authorized $200,000,000 reclamation bureau program to $85,000,000, as requested. Virtually no new reclamation projects of any size will be started this year.

The Agriculture Department is expected to require weeks to work out a definite program of economies. Indicating the status of other agencies, Associated Press advices from Washington, as given in the New York "Herald Tribune" said:

Army—reports it is "complying fully" with the public works moratorium, will reduce flood control, river and harbor work from $309,000,000 to $185,000,000 as requested.

War Department officials said they are "co-operating fully" with Mr. Truman's instructions to seek ways of cutting $1,000,000,000 off the planned $9,000,000,000 of military outlays, but are not far enough along to report progress.

Navy—Hopes to report "some time next week" on Mr. Truman's request that $650,000,000 be cut from its $5,800,000,000 planned outlays.

Ill., Wis., Home Lending Higher in July

Illinois and Wisconsin savings, building and loan associations kept the Federal Home Loan Bank of Chicago half again as busy this July as last, A. R. Gardner, President, reported on Aug. 14. "New advances to these community home-lending institutions from the reserve bank totaled $1,983,174 this July, as against $1,049,240 in July, 1945. The Bank closed the month with credit outstanding to 188 different associations, compared with only 127 borrowing institutions 12 months earlier," said the announcement of the Bank, which also stated:

"Dollar volume of repayments was 33% heavier than in July a year ago," Mr. Gardner said, but added "that this was a natural increase since the outstanding loans as of mid-years were 55% greater than they had been in mid-1945." He pointed also to the increasing proportion of longer-term loans in the Bank's portfolio, an indication of the fact that the associations are getting more of their advances for financing long-term home ownership programs in their localities, whereas their prevalent wartime reason for new advances was seasonal credit needs. Loans for more than one year's maturity account for 20% of the advances now outstanding where they were only 1.9% this time last year.

The State of Trade

The Nation's return to price control is once again bringing about that state of confusion which was so prevalent under the old law and which played so much havoc with marketing procedure by its undue interference with the normal flow of goods into consumers' hands. The initial decisions of the Price Decontrol Board businessmen and other interested persons feels is the first step toward resumption of the black market in meat, since on the basis of past performance they conclude the government is incapable of rolling back meat prices without diverting the supply into the black market. What holds for meat applies in the case of other commodities.

During the brief period between June 30 and July 26, of this year furnished ample evidence that when controls were lifted, goods were in more abundant supply and prices with some exceptions held pretty much at reasonable levels. In a statement on the Decontrol Board's decisions, President William K. Jackson of the National Chamber of Commerce had this to say:

"The marketing of livestock increased greatly during the interval of freedom from OPA control. In free and open competition, operating through flexible prices, the black market could not compete with legitimate business.

The marketing system built up and tested through long experience again worked for the mutual benefit of consumer and producer.

"The regulator of this delicately balanced marketing machinery is the price. The just price is a price that will balance supply and demand. And the final voice in the making of a just price is the consumer."

Thus far the functioning of the three-man Decontrol Board has given some encouragement to business, since it has shown evidence of favoring freedom for the market in administering the law.

In a leading editorial in the Sept. 1st issue, bearing the caption "Facts Under Foot," "Boots and Shoe Recorder," semi-monthly shoe trade publication has the following to say of price control:

"Much of the responsibility for the bewilderment among manufacturers and distributors rests with official agencies which have neglected to examine causes and have been content to saw the air about superficial effects." Continuing, it adds that during the first half of 1946 the shoe industry achieved a record breaking production of civilian footwear and shoes were produced at a rate during this period which gave promise of a speedy balance in supply and demand. Production, the magazine states, "should have been the urgent and foremost objectives before every government agency when price control was re-established."

"Between July 1 and July 26," the publication pointed out, "prices of raw material, leather and shoes advanced, primarily because value in the free market in this country began to reflect higher world market levels. It may be true that some of the increases were precipitate, but that is one of the attributes of a free enterprise system, and the offsetting advantage of action bringing reaction should not be overlooked. A substantial volume of merchandise was sold and delivered during the free price period. On July 26, when control was re-established and ceiling prices were rolled back to the June 30 level, all producers and suppliers were set back on their heels. Was it surprising that a price drop ranging up to 40% and 50% in raw materials should have induced temporary paralysis? At any other time price changes of such magnitude would have frozen the industry until somehow or other traders and producers could see their way clear to doing business at new levels."

"Federal inspected slaughter during June, 1946," the magazine notes, "had been only 451,000 head, the smallest total for any month on record; that in May the federal inspected slaughter had been only 676,000 head? These totals were less than half the inspected slaughter a year ago. It is a fact, unambiguous and undeniable, that before June 30 livestock and meat controls had diverted cattle from legitimate packers and had also induced the withholding of livestock.

"When controls ended at the beginning of July, inspected slaughter shot up sharply to 1,239,000 head, but many of the hides from the animals could not become available until the latter part of August and early September. A minimum of 30 days is required to cure hides after slaughter and before they can be shipped to the tanneries for the production of sole and upper leather. Consequently, it was inevitable that some time during August a drop in the domestic flow of supply would have occurred, reflecting curtailed slaughter in the previous months. This crisis could only have been solved by a rational and sane approach, by cooperation and good will between the agencies of government and every branch of industry."

The restoration of livestock and meat price controls on Aug. 23 poses a problem with dangerous implications for the shoe and leather industries, this shoe trade authority observes and concludes as follows:

"In the bluntest sense, therefore, enforcement of livestock and meat ceilings and slaughter controls will be the crux of the supply outlook in domestic hides and skins. If cattle and calves move to legitimate packers and if the black market is suppressed, then the heavy movement of livestock during the late summer and fall will be certain to make itself felt in the availability of leather-making raw material. However, should controls be inadequate and livestock once again become the object of intense and widespread black market operation, there will be a repetition of the loss to the industry and the country of essential and vital raw material. Should that happen, there can be no mistake in pointing to where the responsibility rests."

Overall industrial production continued the slight improvement noted in previous weeks with many industries maintaining output close to postwar peak levels.

Total retail volume rose during the past week, being far above that of the like week of 1945 when postwar celebrations changed shopping days into holidays. Household furnishings and fall apparel were among the best sellers for the week. There was a gradual emergence of consumer selectivity in the week that was particularly noticeable in connection with the demand for goods that were previously scarce.

Little change was noted for the second successive week in wholesale volume. However, it remained much above that of the corresponding holiday-shortened week a year ago. Steady improvement in deliveries was apparent in almost all lines with backlog of orders large and order volume sustained at the high level of previous weeks.

Steel Industry—Fears that the

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The Financial Situation

(Continued from first page)

end were wholly typical of "power politics."

It is now clear, as should have been foreseen and, indeed, was foreseen, that what is known as "world opinion" of itself is much less effective in determining the course of any nation's conduct than many of our day dreamers have been fondly hoping and supposing. In the hard realm of world politics "world opinion" is effective in the degree that it is believed to have the force of arms behind it, and no more. Some world organizations, as, for example, the British Empire, are so situated, geographically or otherwise, that "world opinion" must be given a much greater degree of importance when measured in terms of physical force, actual or potential, than is the case with others, such for example, Russia. The British Empire is world-wide; it has a thousand potential enemies, and many strategically weak spots which must be guarded at all costs and which are open to possible attack by a great variety of peoples and forces. It must continue more or less intact or not continue at all.

Russia, on the other hand, is a compact land area of immense dimensions, vulnerable from the outside in existing circumstances hardly at all. More nearly than any national organization at present, or perhaps more nearly so than any nation in recorded history, it is self-sustaining. Losses of parts of its periphery, at almost any point or points would not be fatal—as was proved when German might marched across virtually all of its theretofore vital industrial areas.

Russia a Problem

Russia, therefore, is relatively insensitive to "world opinion"—the more so, doubtless, since Russian authorities see to it that the rank and file of the people know only what it is desired that they know and are told only what they "should be told." There is, accordingly, no evident way in which to "build a fire" behind the powers that be in that mighty and coldly realistic land. Russian leaders cherish—the Russian people do not count—the ambitions of the Czarist regimes. They care not a fig what other nations and other peoples may think of them, save only in the degree such opinions can marshall force against them in such degree as to be of major consequence. They have long ago convinced themselves that virtually all other peoples of the world and certainly all the governmental authorities of all the major powers are rapacious and bent upon the "exploitation" of the masses — in short, that what all these people and all these governments think of Russia is of no consequence and in any event is hostile in the premises. Only if and when "world opinion" appears to be reaching a point where it threatens to marshall force of dangerous power against the Soviet is the matter to be given serious attention.

"Power Politics"

This attitude, of course, is the essence of "'power politics," and, let it be frankly admitted, is found not only in Russia. It is most in evidence there for the reasons just set forth, but it exists elsewhere, too—a fact which must not at any time be lost to sight. Indeed, if one power so large and so strong as Russia insists upon clinging to "power politics," it would be rather worse than foolish for the remainder of the world to abandon it in favor of some idealistic mechanism for control of the basic conflicts of interest still found throughout the length and breadth of the globe. It is certainly not a pleasant prospect—one in which "power politics" must in the postwar world be met with "power politics." That way has led to wars throughout the centuries. It was, of course, responsible for the most costly and destructive war of all times which came to a bloody close only about a year ago.

It would, however, be folly to adopt a policy of combatting "power politics" with pious phrases. Such a course would be an invitation to destruction. If Russia, insists, as she apparently is determined to do and as many another nation in the past has done, upon continuing to exploit her position and power for the purpose of aggressive development of Russian domination, there is but one thing which the other nations of the world which are threatened by that course to do. That is to do all that may be necessary to convince the Russian authorities that they can and will match Russian power, not for the purpose of encroaching upon what may legitimately be regarded as Russian interests, but to stem the tide of Russian envelopment now running at flood tide.

It is all very well, as the Roosevelt regime was so intent upon doing, to convince Mr. Stalin and the others that no one has any designs on anything that can reasonably be termed Russian. That non-aggression, territorial or other, certainly so far as anything Russian is concerned, is definitely the policy and plans of the other large powers which apparently are the objects of great suspicion in Russia. All that is important, if it can be accomplished — which recently has begun to appear impossible, but far more important in this world in which we must now all live, is the necessity of making it quite clear to the powermad governors in Russia that the remainder of the world can and will use force in the degree necessary to prevent them from gobbling up half the universe. We have long regretted our readiness to meddle in affairs in other parts of the world where we had no direct interests of importance. We still regret it. We still think that we should make it one of the cornerstones of our foreign policy to withdraw as promptly and fully as possible from situations which really are none of our affair. We have no sympathy with any pax Americana notions or any that are of a similar nature.

We do think, however, that lives will be saved in the end by being careful not to let Russia get the impression that we should prefer to let her do anything anywhere in the world rather than to oppose force with force.

Russia and Uruguay Sign Trade Accord

Under date of Aug. 9 United Press advices from Moscow, reported that Uruguay and Russia signed on that day the first formal commercial treaty that the Soviet Union has ever concluded with an American nation. The United Press account as given in the New York "Times" went on to say.

The treaty is based upon "most-favored-nation treatment," and covers friendship, trade and navigation for a period of three years. It may be renewed upon six months' notice before the expiration date. Ambassador Emilio Frugoni signed for Uruguay in Spiridonovka Palace and the Minister of Foreign Trade, Anastas Mikoyan, signed for Russia.

Specific technical details will be worked out by a Soviet mission to be dispatched to Montevideo and a Uruguavan mission that will come here.

Under the treaty Russia receives the right to send a trade mission of one representative and two assistants, all having diplomatic status, to Uruguay. Russia also may send twenty employes attached to the trade mission.

Russia will undertake to ship to Uruguay oil, coal and timber, while Uruguay agrees to ship to the Soviet Union vegetable oils, meat, wool, fats and hides.

The volume of trade was not discussed during negotiations, and no limits were set.

The treaty lays down broad principles of trade between the nations. It does not attempt to cover in detail such technical problems as shipping facilities and freight charges.

Nor does the agreement concern itself with guaranteed shipments of various categories of merchandise. The quantity of items shipped will depend upon the number of tankers and freighters available at a given time.

Income Tax Cuts Urged

Representative Carl T. Curtis (R.-Neb.) criticized the Treasury Department for continuing to employ tax experts who, according to Mr. Curtis, seek to use the revenue laws to effect a redistribution of wealth. Mr. Curtis, a member of the tax-writing Ways and Means Committee of the House, declared that such experts had been repudiated by the Congress even while it has been under Democratic control, and he went on to propose that further substantial tax reductions be made in 1947. A special dispatch from Washington to the New York "Times" on Aug. 19 gave the following remarks of Mr. Curtis which had been distributed by the Republican National Committee:

"For several years a Democratic Congress has ignored tax recommendations offered by alleged experts brought into the Treasury by former Secretary Henry Morgenthau. The top-side of the Treasury, including men like Snyder and Under-Secretary Gardner, is certainly a big improvement over the unlamented Morgenthau setup, but the glib young men down the line are still there.

"Their mania for reaching the socialistic objective of complete redistribution of wealth through tax legislation has not been cured by successive repudiations by the Congress. They are now thrown into a state of panic by a Republican pledge to cut individual income taxes 20% for 1947 if the voters elect a Republican Congress in November.

"This mental state of frustraton is reflected clearly by in accurate background information these so-called experts furnished a writer for The Chicago "Sun" this week. Championing the Treasury's repudiated tax thinking, the writer accused Republicans of sponsoring a flat 5% reduction in 1946 personal income taxes when the Revenue Act of 1945 was passed. He charged this provision 'gave nothing to anyone except those at the top.'

"The true facts are this particular provision was sponsored in the Democratic-controlled Senate Finance Committee by the Senate Democratic leader, Senator Alben W. Barkley.

"It seems incredible for Administration underlings to be bushwhacking Barkley. Heretofore such a slaphappy situation has been limited to the staff of the Democratic National Committee.

"The Treasury has made practically no contribution whatever to constructive tax legislation for several years. Secretary Snyder should recognize this situation and clean out his tax study department from top to bottom. The time to do it is now in anticipation of really constructive tax legislation when the Eightieth Congress gets under way."

Air Force to Reduce Civil Workers

The War Department's first effort to respond to President Truman's request for Government economies was the announcement on Aug. 22 of a 20% reduction in the number of Army Air Forces civilian employees and a promise of substantial cuts by other Army branches, Associated Press Washington advices stated. Preparations commenced as early as last April for an Army postwar reorganization program. The present announcement indicates that Air Forces civilian employees are to be reduced from 163,000 to 131,000 between Oct. 1 and Jan. 1. High and low salaried employees are to be treated equally in proportion to numbers, according to a statement by Gen. Carl Spaatz.

N. Y. Board of Trade Dinner Oct. 23

"BUSINESS SPEAKS" is the theme of the Annual Dinner of the New York Board of Trade, to be held in the Grand Ballroom of the Waldorf-Astoria on the evening of Oct. 23rd. In the initial announcement of the Dinner, Ralph E. Dorland, President of the Board, stated on Aug. 15:

"Private American Enterprise is on trial throughout the world. If it is worth preserving, it is worth fighting for. The New York Board of Trade is devoting its entire energies in support of enlightened Private Enterprise."

A Special Commitee, under the Chairmanship of H. L. Brooks, Vice-President of the Board and Chairman of the Executive Committee, has been named to conduct this affair. Other members of the Committee are: Harold M. Altshul, Ketcham & Co.; Warren L. Baker, Socony Vacuum Oil Co.; John F. Budd, Custom House Guide; Harry J. Carpenter, Guaranty Trust Co.; Fred J. Emmerich, Block International Corp.; Leonard Ginsberg, Hearn Dept. Stores, Inc.; Percy C. Magnus, Magnus, Mabee & Reynard, Inc.; Robert B. Magnus, Magnus, Mabee & Reynard, Inc.; William H. Stonaker, Mill Factors Corp.; Arthur Snyder, Alfred M. Best Co., Inc.; C. A. Slocum, Millburn Mills, Inc.; H. W. Schaefer, H. W. Schaefer Co.; William T. Van Atten, Dun & Bradstreet, Inc.; E. T. T. Williams, Becton Dickinson & Co.; Ralph E. Dorland, Ex-Officio, The Dow Chemical Co.; P. Wesley Combs, Jr., Wm. Esty & Co.; George E. Shea, Jr., Barron's; Sidney Weiss, A. W. Lewin & Company.

This will be the 74th Annual meeting of the Board which was founded at Cooper Union in 1872. The Board's membership includes approximately 2,000 leading American business firms.

Reserve Board Adopts Revised Regulation C

The Board of Governors of the Federal Reserve System made known on Aug. 13 the adoption effective Aug. 31, 1946, of a revised version of Regulation C, Acceptance by Member Banks of Drafts or Bills of Exchange. The Board's advices state:

"The regulation governs the acceptance of drafts or bills drawn against domestic or foreign shipments of goods or secured by warehouse receipts covering readily marketable staples and the acceptance of drafts or bills drawn for the purpose of creating dollar exchange. The revision has been made in order to simplify and clarify the regulation. In making the revision, the Board has had the benefit of suggestions received from a number of member banks experienced in acceptance credit procedure and from the Federal Reserve Banks.

"While the Board, in stating the requirements that must be met, has endeavored to lay down broad principles that should be observed, it should be emphasized that mere technical compliance with the provisions of the regulation will not necessarily afford an accepting bank protection from loss. Sound acceptance practice depends primarily upon the exercise by accepting banks of good credit judgment. The principal reliance for the maintenance of sound practices must be placed upon that judgment and the continued development of seasoned policies in this field of extension of bank credit."

Steel Operations Continue At a High Level—Users Drawing Heavily on Pig Iron Supplies

"Price and production controls which were successful in the steel industry during the war are falling far short of producing a normal and healthy peacetime steel distribution," according to "The Iron Age," national metalworking paper, which further states in its issue of today (Aug. 29) in part as follows:

"The proof of this is that one year after the war's end finds the steel industry and its consumers in a state of anxiety neurosis, or maybe more descriptive, postwar slap-happiness.

"In the war period output was concentrated on specific products with not too many changes in sizes, shapes and quantities. This production was pushed forward regardless of price or sacrifice. Peacetime economy being a horse of a different color requires all kinds of sizes, shapes, products and a tremendous increase in the number of orders and consumers.

"Faced with a shortage of supplies, many customers both large and small have been driven to black markets for some steel items and have been forced to engage in a system of bartering which has become almost fantastic during the past several months. While the steel industry is free from any evidence of black market operations, some firms have been forced to engage in barter operations involving for the most part scrap supplies.

"Just as in other commodities, steel black market operations are difficult to expose because they work undercover, and although the amount of steel being handled by this method is small compared to total steel shipments, it does flourish in many parts of the country. More conducive to upsetting the general scheme of distribution, however, are the bartering methods which some of the smaller steel producers and even the larger ones are required to use in order to get enough material to keep their manufacturing plants or their jobs in operation.

"Carrying the situation to an extreme have been cases where even plumbing contractors have purchased unprepared scrap, passed it through the channels and have been assured such items as bath tubs and other material needed to complete projects.

"Another major factor which has upset the proper division of steel supplies has been the necessity for steel companies to concentrate their output on items which show a profit and to cut the output or eliminate those items on which the profit is too low or the loss too great. This elimination of products and withdrawal from certain market areas has left a substantial number of steel consumers without a normal source of supply and with little or no inventories.

"An example of this situation is the warehouse industry. Warehouses during the war were the main standby of small manufacturers and a chief support in the balancing of parts or products needed by large consumers. Today the warehouses have been hard hit by the reduction in the output of some steel products and the inability to obtain anywhere near their requirements from their current or former sources.

"An important steel product, concrete reinforcing bars, always a main item in almost every large warehouse, is in so short supply today that many construction activities involving roads, utilities, factory buildings and other large undertakings are being definitely threatened. No amount of effort on the part of many warehousemen has produced an increase in steel requirements, but as an actual fact shipments are beng cut to the bone in many instances.

"While steel shipping and distribution remain in a turmoil, the steel ingot rate continues at a high level.

"The scrap situation continues serious, but steel companies are drawing more heavily upon pig iron supplies which for steelmaking purposes were stepped up substantially in July with further improvement in August. A showdown on the scrap price controversy is expected to materialize from the meeting being held this week between OPA and scrap industry representatives. Until something definite comes from such meetings, however, scrap which is being held will be released slowly."

The American Iron and Steel Institute on Aug. 26 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 89.4% of capacity for the week beginning Aug. 26, compared with 89.7% one week ago, 89.6% one month ago and 74.5% one year ago. This represents a decrease of 0.3 point, or 0.3% from the preceding week. The operating rate for the week beginning Aug. 26 is equivalent to 1,575,600 tons of steel ingots and castings, compared to 1,580,900 tons one week ago, 1,579,100 tons one month ago, and 1,364,600 tons one year ago.

"Steel," of Cleveland, in its summary of latest news developments in the metalworking industry, stated in part as follows:

"A serious interruption of ore shipments due to the Maritime Union's strike could result in an iron ore shortage.

"Maximum operation of the Great Lakes Fleet during the remainder of the season will be necessary to assure an adequate supply of ore to carry the iron and steel industry through till next spring. However, iron ore and coal shipments were affected only slightly by the first week of the attempt by the National Maritime Union-CIO to tie up lake shipping. Actually, at the week's end only about 15% of the ore, coal and grain fleet was immobilized.

"OPA has authorized the General Steel Products Industry Advisory Committee to go ahead with the collection of data to support a petition for a steel price increase under the new price control law. Although the Advisory Committee has not formally requested an increase in prices, top reconversion officials are reported to believe that an across-the-board increase of $1.50 a ton on steel products will be allowed under the Barkley amendment to the new price control law. These same officials have estimated that under the defeated Taft amendment the allowable increase would have averaged $4 a ton.

"The Advisory Committee also has discussed with OPA officials the decontrol of some steel products, but action on this is being held up pending completion of decontrol regulations. Items which may be decontrolled are those which are in fairly plentiful supply.

"From Pittsburgh it is reported that substantial inquiries for steel mill equipment from foreign countries are being received by American builders. It is believed that in most cases these inquiries are being prompted by loans from the United States to foreign governments. Since little foreign steel production equipment was destroyed during the war, the present inquiries seem to be for equipment to increase existing facilities. It is thought in some quarters that this foreign expansion may result into a major competitive factor for the domestic steel industry.

"Although steel producers generally are still well behind on their commitments, flow of steel to consumers and jobbers is at peak for the year to date. How much longer present rate of shipments will be maintained or increased, will depend in large measure on supply of raw materials, particularly scrap, and the outlook is not promising. With overall supply of these materials as acute as ever and with consumers' stocks at the lowest point reached since before the war indications point to a decline in steel production unless new remedial measures can be applied promptly, especially with regard to scrap, on the price of which dealers and Washington continue at odds.

"Plate production in some districts, curtailed for weeks because of pig and scrap shortages, has declined further and an important producer now operating at 40% to 50% is considering suspending entirely within a week or two.

"The situation in pig iron shows some signs of betterment, temporarily at least, with two Eastern stacks changing from foundry grades to basic, giving steel mills in that area a better supply of iron. At the same time scrap supply is smaller."

To Establish Castle Clinton Monument

Acting Secretary Oscar L. Chapman, of the Department of the Interior, announced on Aug. 17 that Castle Clinton, historic landmark situated in Battery Park, New York City, will become a national monument as soon as title to the structure is vested in the Federal Government in accordance with the bill signed by President Truman on Aug. 12. It was noted in the announcement that at present Castle Clinton is the property of the City of New York. The Department's advices point out that:

"Castle Clinton was famous to generations of Americans as Castle Garden and is intimately associated with the growth of the United States. Constructed over a period of years, beginning in 1808, as a fortification for the defense of New York Harbor, it served as the military headquarters of the United States Army in New York during the War of 1812. Ceded to the city a few years later and renamed Castle Garden, it became a central point for the nation's public and social life." The structure housed the New York City Aquarium for many years until 1941; this and other records of the historic structure are indicated as follows by the Department of the Interior:

"One after another the American Presidents were received here, and noted foreign visitors such as General Lafayette and Louis Kossuth. It was in Castle Garden that Samuel F. B. Morse gave his first demonstration of the telegraph and P. T. Barnum introduced Jenny Lind, the Swedish nightingale, to America.

"From 1855 to 1890 Castle Clinton was the principal immigration station for the United States, receiving over two-thirds of the immigrants arriving during that period. Through its gates passed some 8,000,000 future Americans whose grandchildren and great grandchildren have in this day fought to preserve the common national heritage. In a sense, Castle Clinton is the ancestral Jamestown or Plymouth Rock to a large section of the present-day American population. In its latest phase, this structure, which had served in turn as fortification, restaurant, lecture hall, and immigration station, housed the New York City Aquarium, and will be remembered by many on account of the remarkable marine exhibits that were displayed there."

From the Department's advices we also quote:

"With little effort and relatively small expense the thick circular red sandstone walls of the original fort, still perfectly intact, can be brought to view and permanently preserved. It will then be possible once again for millions of American citizens to visit and enjoy the historic associations and the setting of this national landmark as they have for generations past.

"The President's signature on the bill, which was first introduced by Congressman Sol Bloom, brings to a successful climax the long fight by many prominent individuals and organizations to save Castle Clinton from destruction. It had been slated for demolition in connection with the construction of the Battery-Brooklyn vehicular tunnel.

"All restoration and development work to be undertaken by the National Park Service will be delayed until after the tunnel has been completed. Meanwhile, the City of New York, through Mayor William O'Dwyer, has indicated its willingness to cooperate in the protection of the building and to take steps necessary to safeguard it from damage while the construction of the tunnel is in progress.

"Among the organizations to whom much credit should be given in the movement which culminated in legislation which makes possible the establishment of Castle Clinton National Monument are: The American Scenic and Historic Preservation Society, the New York Historical Society, the Chamber of Commerce of the State of New York, the New York chapter of the American Institute of Architects, the Society of Landscape Engineers, the Regional Plan Association, and many of the New York newspapers."

The Commerce and Industry Association of New York also figured in the efforts to preserve the structure. The bill was passed by the House July 25 and by the Senate on July 30.

C. R. Porter Dies

Claude R. Porter, a member of the Interstate Commerce Commission since 1928, died on Aug. 17 six days after the sudden death of a son, George B. Porter. The Commissioner was stricken at his office on Aug. 15 with a cerebral hemorrhage it was reported in Associated Press advices from Washington on Aug. 17, which also said:

"Claude Rodman Porter had been prominent as a Federal prosecutor and as a leader in the Democratic party in Iowa before he went to the Interstate Commerce Commission, on which he had served since 1928. He was appointed by President Coolidge and reappointed three times serving as Chairman in 1932."

From the New York "Times" of Aug. 18 we take the following:

"Mr. Porter's career on the Interstate Commerce Commission was highlighted by his authorship of a unification plan for the nation's railroads. Devised in 1929, the plan called for a four-system consolidation of the Eastern roads, excluding New England. After many hearings a four system consolidation for the East was approved by the commission in 1932, although it was never put into effect.

"Mr. Porter served in the Iowa House of Representatives from 1896 to 1900 and in the Iowa Senate from 1900 to 1904.

"But he was unsuccessful in his bids for major public office, although he made many. He was the Democratic candidate for Governor in 1906, 1910 and 1918. Also, unsucessfully, he ran for the United States Senate five times, in 1908, 1909, 1911, 1920 and 1926. In the last campaign he was defeated in a hard-fought contest by Smith W. Brookhart.

"Mr. Porter was appointed United States Attorney for the Southern Iowa District in 1914 by President Wilson and, although a Democrat, was reappointed by President Harding."

Home Building Volume Declines 16 Per Cent

The effect of inadequate home building materials and supplies, and in some areas shortages of building craftsmen, was reflected in a 16% drop in contracts awarded for residential construction in the 37 States east of the Rocky Mountains in July, it was reported on Aug. 19 by F. W. Dodge Corporation, a fact-finding organization for the construction industry.

July residential contracts totaled $281,227,000, compared with $332,248,000 in June, and brought the total for the first seven months of this year to $1,914,700,000. During the corresponding seven months of last year residential contracts totaled $243,782,000 in the States east of the Rockies.

Public housing contracts were an important part of the July volume, with $31,917,000, or 11% of the total of all residential contracts, being listed as publicly owned. Home builders believe that one factor in this sizable volume of publicly owned housing may be attributable to the top priorities given to public housing, as compared with priorities issued for privately owned home construction, the Dodge Corporation reported.

While home building contract volume was receding, non-residential construction contracts showed a modest gain from $273,207,000 in June to $283,635,000 in July. Commercial, educational, science, hospital and institutional building volume showed gains. Manufacturing building contracts declined but still represented the most active kind of non-residential building investment, with a July total of $129,302,000.

The Dodge Corporation reported that 28% of all construction contracts in July was listed as publicly owned, and that 21% of the total for the first seven months of the year was awarded by various municipal, State and Federal agencies.

Yugoslav Share in UNRRA Aid

Aid to Yugoslavia by the United Nations Relief and Rehabilitation Administration amounted to $327,577,000 in food, clothing, agricultural and industrial machinery and other supplies in the period April 15, 1945 to July 31, 1946, it was revealed on Aug. 22. The amount constitutes about three-quarters of the $429,500,000 allocated by the relief agency to Yugoslavia. Only two of the 17 countries receiving UNRRA aid have been allocated greater amounts, China with $535,000,000 and Poland with $474,000,000. Washington dispatches Aug. 22 to the New York "Herald Tribune" reporting these figures pointed out that 72% of UNRRA's resources of $2,700,000,000 has been contributed by the United States, most of the remainder coming from the United Kingdom and Canada. In addition the United States gave $32,000,000 of materials to Yugoslavia through lend-lease during the war, of which about half consisted of agricultural and industrial commodities and half of munitions items.

According to Associated Press advices from Washington Aug. 21.

A report on file with the House appropriations committee listed the shipments to Yugoslavia in five categories, as follows:

Food: 1,113,655 tons, valued at $127,228,000. Clothing: 64,645 tons, at $55,711,000. Agricultural Rehabilitation: 74,533 tons at $14,396,000. Industrial Rehabilitation: 296,565 tons at $44,507,000. Medication and Sanitation: 5,572 tons at $10,748,000.

Federal Financial Operations in Fiscal Year 1946

(Continued from first page)

Miscellaneous receipts for fiscal year 1946 included proceeds from sales of surplus property under the Act of Oct. 3, 1944, amounting to $0.5 billion. Approximately $1.2 billion was received on account of renegotiation of war contracts as compared with $2.0 billion for fiscal year 1945.

See Table I at the end of this article for a comparison of budgetary receipts for the fiscal years 1945 and 1946. A history of receipts from 1937 to date appears on page 5. For a detailed analysis of internal revenue collections see pages 64, 66, 67.

Expenditures

Expenditures have declined substantially since V-E Day. The following table shows comparative expenditures by quarters.

(In billions of dollars)

Period—	—Fiscal Year— 1945	1946	Change
July 1-Sept. 30	24.2	22.5	— 1.6
Oct. 1-Dec. 31	24.3	16.1	— 8.2
Jan. 1-Mar. 31	25.1	13.0	—12.1
Apr. 1-June 30	26.9	13.4	—13.4
Total	100.4	65.0	—35.4

Although actual hostilities ended 10½ months before the close of the fiscal year 1946, war spending did not stop. These expenditures amounted to $48.5 billion for the year compared with the peak of $90.0 billion in the previous fiscal year. Liquidation of war is costly. The demobilization of millions of men and their mustering-out pay, and outlays to terminate war contracts, contributed to keep war spending at a high rate. It is interesting to note, however, that expenditures for war activities amounted to more than $7.3 billion in July 1945, the month preceding V-J Day, and have dropped to $2.4 billion for June 1946, the month just ended, and will continue at a declining rate. These figures do not include net war outlays of the Reconstruction Finance Corporation, which amounted to $0.3 billion in the fiscal year 1946.

There were decreases under all major categories of war expenditures, as follows: War Department, $22.5 billion; Navy Department, $14.9 billion; Treasury Department, principally for lend-lease purchases, $0.8 billion; U. S. Maritime Commission, $2.5 billion; War Shipping Administration, $0.7 billion; and decreases under other miscellaneous categories aggregating $0.7 billion. There were some offsetting increases, the largest of which amounted to $0.6 billion for payments for United Nations Relief and Rehabilitation Administration.

Expenditures classified as General, including transfers to trust accounts, amounted to $16.5 billion, an increase of $6.1 billion compared with 1945. Of this increase, $4.6 billion or about 76% is accounted for by expenditures that are war related and sometimes referred to as "aftermath of war," i.e., interest on the public debt, refunds of taxes and duties, and veterans' benefits (including transfers to the National Service Life Insurance Fund shown under "transfers to trust accounts, etc." In addition, a substantial amount of general expenditures were made to carry out responsibilities of the postwar period. Chief among these was $500 million paid to the Commodity Credit Corporation to be used for postwar price support of agriculture; $674 million for subscription to capital stock of the Export-Import Bank; and $159 million for subscription to the International Bank for Reconstruction and Development. The remaining categories of other general expenditures showed a net increase of only $152 million, due to the receipt in 1946 of repayments of $165 million capital and surplus from the Federal Land Banks and the Federal Farm Mortgage Corporation, as compared with $63 million in 1945, and the fact that no provision was made for payments in 1946 to restore the capital impairment of the Commodity Credit Corporation, whereas in 1945 there was an expenditure of $257 million for this purpose.

Additional information on expenditures is presented in Tables 1, 2, and 3 at the end of this article, and on pages 5 and 6.

Public Debt

The gross public debt amounted to $269.4 billion on June 30, 1946, as compared with $258.7 billion at the close of last year, an increase of $10.7 billion. This increase is accounted for by a deficit of $22.0 billion, a decrease in the general fund balance of $10.5 billion, and an excess of receipts in trust accounts, etc, amounting to $0.8 billion.

Of the increase in the public debt during the fiscal year 1946, $8.2 billion was represented by interest-bearing public issues, and $3.5 billion by interest-bearing special issues to trust accounts administered by the Treasury; these increases being offset by a net decrease of $1.0 billion in matured debt on which interest has ceased, and noninterest-bearing debt, the later item decreasing $1.0 billion on account of excess profits tax refund bonds.

Of the public issues, marketable obligations increased $8.3 billion as follows: outstanding Treasury bonds increased $12.9 billion; certificates of indebtedness increased $0.7 billion, while Treasury notes and other marketable securities decreased $5.3 billion.

In the nonmarketable group, outstanding United States Savings Bonds increased $3.4 billion, while Treasury savings notes decreased $3.4 billion.

A comparison of the public debt outstanding on June 30, 1945 and June 30, 1946, classified by types of issues is presented in Table 4 at the end of this article. Pages 23 to 25 contain additional information relating to the public debt from June 30, 1937 to date.

The direct debt reached its peak on Feb. 28, 1946, when it amounted to $279.2 billion. Due to prompt cancellation of war contracts, speedy demobilization of the armed forces, and curtailment of war emergency agencies, combined with other factors which improved the budgetary outlook, a substantial part of the money raised during the Victory Loan was not required to finance government expenditures. Consequently, since the end of February a substantial debt reduction program has been under way. From March 1 to June 30, 1946, $19.0 billion of marketable issues matured or were called for redemption. Of this amount $10.2 billion were paid off in cash (exclusive of the $2.0 billion pay-off of the Treasury notes maturing July 1 which was announced on June 14, 1946). To the extent that the maturing obligations were not paid off, they were refunded into ⅞% one-year certificates of indebtedness. Table 5 at the end of this article shows the disposition of the marketable issues matured or called between March 1 and June 30, 1946. For offerings and disposition of Treasury bonds, notes, and certificates of indebtedness beginning with the Fifth War Loan see pages 32 and 33.

Of the $19.0 billion marketable debt maturing or called for payment from March 1 through June 30, commercial banks reporting in the Treasury Survey of Ownership of United States Government Securities held about 50%; another 18% was held by Federal Reserve Banks; and 32% by nonbank investors and nonreporting banks. Table 6 shows the ownership distribution of the matured and called issues according to the latest reports received by the Treasury Survey of Ownership prior to the date of payment in each case. Additional information on ownership of government securities is presented in the chapter beginning on page 48.

Average Interest Rate

Interest payments on the public debt during the fiscal year 1946 amounted to $4.7 billion, an all-time high, which is $1.1 billion more than was paid in 1945. The average interest rate on the interest-bearing debt increased from 1.936% on June 30, 1945, to 1.996% on June 30, 1946. This increase in the general average was due to several factors, one of which was the retirement of $6.6 billion of ⅞% certificates of indebtedness since the end of February. Special issues which carried an average interest rate on June 30, 1946 of 2.448%, or about ½% above the general average, were increased during the year by $3.5 billion. The monthly trend of interest rates during the fiscal year 1946 for the several types of interest-bearing securities is shown in Table 7. The computed interest charge and computed interest rate on the public debt from 1937 to date is presented on page 27.

Savings Bonds

While sales of savings bonds decreased and redemptions increased in the fiscal year 1946 compared with the previous year, sales (including accrued discount) exceeded redemptions by $3.5 billion. Sales have held up remarkably well, notwithstanding the termination of the war loan drives, averaging better than $650 million a month since January 1946. Redemptions, contrary to the fears of many, have not been unreasonable. They reached their high point in March 1946, when redemptions of all series of savings bonds amounted to about $634 million, followed by $621 million in April, $552 million in May, and $519 million in June. Possibly an even better gauge is a comparison of redemptions with amounts outstanding. Redemptions of Series E Bonds stated as a percentage of the amount of E Bonds outstanding amounted to 1.45% in June 1946, and were lower on this basis than in any month since July 1945.

The redemption of savings bonds should be viewed in the light of the fact that these bonds are non transferable and are redeemable at any time after fixed periods (60 days for Series E Bonds) from date of issue. These features were especially incorporated in the bonds to adapt them primarily for the investment of savings of individuals of limited means and so that they could be readily redeemed to meet emergencies without loss of principal. Complete data on the sales and redemptions of savings bonds are shown on pages 36 to 44.

Guaranteed Debt

On June 30, 1946, as was the case on June 30, 1945, only two groups of unmatured obligations of governmental corporations and credit agencies, guaranteed as to principal and interest, except those held by the Secretary of the Treasury, remained outstanding, totalling $467 million as compared with $409 million on June 30, 1945. The unmatured obligations include $424 million of demand obligations of the Commodity Credit Corporation issued to commercial banks in connection with commodity transactions, and $43 million of debentures issued by the Federal Housing Administration in connection with mortgage insurance. During the year the securities of governmental corporations and credit agencies held directly by the Treasury decreased from $12.2 billion to $11.7 billion.

A statement of guaranteed obligations outstanding is included in the report.

BUDGETARY RECEIPTS AND EXPENDITURES, FISCAL YEARS 1945 AND 1946

(In millions of dollars)

	1945	1946	Change
RECEIPTS—			
Internal revenue:			
Income tax:			
Withheld by employers (Current Tax Payment Act of 1943)	10,289	9,392	— 897
Other	24,884	21,493	—3,391
Miscellaneous internal revenue	6,949	7,725	+ 776
Social security taxes	1,494	1,418	— 76
Taxes upon carriers and their employees	285	283	— 2
Railroad unemployment insurance contributions	13	13	----
Customs	355	435	+ 80
Miscellaneous receipts	3,470	3,480	+ 10
Total receipts	47,740	44,239	—3,501
Deduct net appropriations to Federal Old-Age and Survivors Insurance Trust Fund	1,283	1,201	— 82
Net receipts	46,457	43,038	—3,419
EXPENDITURES—			
General:			
Departmental (not otherwise classified)	881	957	+ 76
Agriculture Department:			
Agricultural Adjustment Agency	281	292	+ 11
Commodity Credit Corporation:			
Postwar price support of agriculture	----	500	+ 500
Restoration of capital impairment	257	----	— 257
Other	145	121	— 24
Bretton Woods Agreements Act: Internat'l Bank	----	159	+ 159
Export-Import Bank of Washington—capital stock	----	674	+ 674
Federal Security Agency:			
Social Security Board	455	516	+ 61
Other	94	108	+ 14
Federal Works Agency	100	122	+ 22
Interior Department—Reclamation Projects	50	61	+ 11
National Housing Agency	12	40	+ 28
Panama Canal	9	18	+ 9
Post Office Department (deficiency)	1	161	+ 160
Railroad Retirement Board	6	6	----
River and harbor and flood control	142	168	+ 26
Surplus property disposal agencies	11	†	— 11
Tennessee Valley Authority	20	29	+ 9
Treasury Department:			
Interest on the public debt	3,617	4,722	+1,105
Refunds of taxes and duties:			
Excess Profits Tax Refund Bonds	894	88	— 806
Other	821	2,947	+2,126
Veterans' Administration	934	2,871	+1,937
Total general expenditures	8,730	14,559	+5,829
(In millions of dollars)	1945	1946	Change
War Activities:			
War Department	50,399	27,852	—22,547
Navy Department	30,047	15,161	—14,886
Agriculture Department	1,198	1,041	— 157
Federal Security Agency	122	60	— 62
Federal Works Agency	185	91	— 94
National Housing Agency	70	80	+ 10
Treasury Department	1,462	695	— 767
United States Maritime Commission	3,227	694	— 2,533
War Shipping Administration	2,042	1,367	— 675
Aid to China	140	120	— 20
Payments for United Nations Relief and Rehabilitation Administration	114	664	+ 550
Surplus property disposal agencies	†	106	+ 106
Other	1,022	611	— 411
Total war activities expenditures	90,029	48,542	—41,487
Transfers to trust accounts, etc.:			
Adjusted service certificate fund	9	----	— 9
Federal contributions to District of Columbia	6	6	----
Government employees' retirement funds (United States share)	197	247	+ 50
National service life insurance fund	1,117	1,381	+ 264
Railroad retirement account	309	292	— 17
Railroad unemployment insurance administration fund transfers to unemployment trust fund (Act Oct. 10, 1940)	9	10	+ 1
Surplus Commodity stamps, agriculture	*	—18	— 18
Total transfers to trust accounts, etc.	1,646	1,918	+ 272
Total expenditures (excl. pub. debt retirements)	100,405	65,019	—35,386
Net deficit	53,948	21,981	—31,967

*Less than $500,000. †Included under "General" in 1945 and "War activities" in 1946.

Morris Plan Bankers To Meet Oct. 21-23

Maple T. Harl, Chairman of the Federal Deposit Insurance Corporation, will appear on the program of the annual joint national convention of the Morris Plan Bankers Association and the Consumer Bankers Association, to be held at the Cavalier Hotel, Virginia Beach, Va., Oct. 21-23, it was announced from Washington on Aug. 26 by Joseph E. Birnie, President of The Bank of Georgia, Atlanta, and President of the Morris Plan Bankers Association. Dr. Ernst A. Dauer, in charge of the analysis of bank operations and consumer credit activities on the staff of the Federal Deposit Insurance Corporation, will also be on the program, President Birnie announced.

At the same time, general convention chairman Malcolm C. Engstrom, Vice-President and Comptroller of The Bank of Virginia at Richmond, announced the appointment of Fred R. Waldron, Executive Vice-President of The Morris Plan Company of Terre Haute, Ind., as Chairman of the Program Committee and Harry E. Small, Executive Vice-President of The Morris Plan Bank of Cleveland, a chairman of the Nominations Committee.

Gen. Devers' Proposals For U. S. Security

In a prepared address at Gettysburg, Pa., on Aug. 14, Gen. Jacob L. Devers, commander of the Army Ground Forces, set forth a five-point program for United States leadership in world affairs which he considered a means of assuring for this country national security. In the following order the General indicated these as "musts" for the achievement of such an end, Associated Press advices stated:

"1. We must put our own house in order.

"2. We must clarify and define our course of action in international affairs.

"3. We must have knowledge and understanding of the nations and of their ways of thinking and their motives.

"4. We must work to establish a world organization.

"5. We must see that our armed forces have the means to accomplish their missions."

Asserting that America cannot be secure unless the rest of the world is secure, the General declared that, conversely, the rest of the world will not know security unless America has hers.

The State of Trade

(Continued from page 1183)

steel ingot rate would fall sharply because of a scrap shortage are not expected to be borne out in the near future at least, according to "The Iron Age," national metalworking paper, in its review of the steel trade the past week. However, with the scrap price situation completely up in the air and with some dealers piling scrap in their yards, the ingot rate could easily be affected to some extent if the OPA does not soon settle the scrap price controversy definitely one way or the other, the magazine added.

In the past few weeks the flow of scrap to the mills has improved some but the movement is far below what it should be at this time of the year. Scrap shipments to dealers yards throughout the country, however, have shown an increase in recent weeks and this trend is expected to continue until the scrap trade finds out whether an increase in the scrap price ceiling is a definite probability.

Some steel mills continue to draw from inventories which were accumulated during the time of the steel strike and also during the time operations were reduced because of the coal mine shutdown, states "The Iron Age." However, the supply of scrap in the hands of steel firms is at a low point compared with the current operating rates and whether or not the release of scrap in the hands of dealers once the price controversy has been settled will reflect a back to normalcy trend in scrap inventories in the mills' hands remains to be seen.

The slight increase in the amount of scrap coming from manufacturing plants and railroads is looked upon as a forerunner of a much greater flow in the fall as manufacturing concerns reach a higher rate of product activity. Also offsetting the precarious scrap supply situation is the substantial increase in the volume of hot metal being used in the open hearths, the magazine notes.

While pig iron supplies continue extremely short as far as foundries and other users are concerned, the volume of iron for steelmaking is steadily climbing as the full effect of furnaces returned to operation is felt. The immediate future represents the first period since September, 1945 that blast furnace output has not been threatened by coal or steel strikes, although the labor controversy on the Great Lakes could easily develop into a definite threat to steel output this winter.

Little progress was made at the meeting two weeks ago between the Steel Industry Advisory Committee and the OPA over what constitutes "a reasonable profit" and what year should be taken as a criterion. Nevertheless, indications are that a new steel price increase involving eight or nine products may be granted.

The steel industry is also anxious that the OPA as soon as possible decontrol alloy steels the supply of which it is claimed does not warrant keeping them under OPA price supervision, but states "The Iron Age," it is expected the OPA will utilize the full 60 days allowed by law to cogitate over the validity of its request.

The American Iron and Steel Institute announced on Monday of this week the operating rate of steel companies having 94% of the steel capacity of the industry will be 89.4% of capacity for the week beginning Aug. 26 as against 89.7% one week ago, 89.6% one month ago and 74.5% one year ago. This represents a decrease of 0.3 point or 0.3% from the preceding week. This week's operating rate is equivalent to 1,575,600 tons of steel ingots and castings, compared to 1,580,900 tons one week ago, 1,579,100 tons one month ago and 1,364,600 tons one year ago.

Electrical Production — The Edison Electric Institute reports that the output of electricity advanced to 4,422,242,000 kwh. in the week ended Aug. 17, 1946, from 4,411,717,000 kwh. in the preceding week. Output for the week ended Aug. 17, 1946, exceeded that of the same week in 1945 by 12.3%.

Consolidated Edison Co. of New York reports system output of 183,700,000 kwh. in the week ended Aug. 18, 1946, compared with 149,500,000 kwh. for the corresponding week of 1945, or an increase of 26.1%. Local distribution of electricity amounted to 173,000,000 kwh., compared with 145,700,000 kwh. for the corresponding week of last year, an increase of 18.7%.

Railroad Freight Loadings — Car loadings of revenue freight for the week ended Aug. 17, 1946, totaled 887,570 cars, the Association of American Railroads announced. This was a decrease of 11,514 cars or 1.3% below the preceding week and 234,738 cars, or 36% above the corresponding week in 1945 which included V-J Day holiday. Compared with the similar period of 1944, an increase of 947 cars, or 0.1% is shown.

Paper and Paperboard Production — Paper production in the United States for the week ended Aug. 17 was 104.5% of mill capacity as against 103.4% for the preceding week and 67.8% in the like 1945 week, according to the American Paper & Pulp Association. Paperboard output for the current week was 98% against 96% in the preceding week and 67% for the corresponding week a year ago.

Business Failures Remain Low —No change occurred in commercial and industrial failures in the week ending Aug. 22, reports Dun & Bradstreet, Inc. Concerns failing numbered 17, the same as in the previous week and one above the 16 reported in the corresponding week of 1945.

All except two of this week's failures involved liabilities of $5,000 or more. Rising from 12 last week to 15 in the week just ended, these larger failures also exceeded the 12 occurring in the comparable week a year ago. On the other hand, small failures with losses under $5,000 were down to two from five both in the previous week and last year.

Retail failures, two times as numerous as in last week, comprised about ½ the total failures reported during the week. Up from three a week ago and in the comparable week of last year, failures in this trade numbered eight. Concerns failing in manufacturing declined sharply; there were only ¼ as many failures in this industry as in the previous week and less than half the number reported in the same week a year ago. No marked change occurred in failures in any other trade or industry group.

Canadian failures numbered two, as compared with one in the previous week and one in the corresponding week of 1945.

Wholesale Food Price Index Sets All-Time High — Although the price of a greater number of commodities decreased than increased during the week, the wholesale food price index, compiled by Dun & Bradstreet, Inc., rose four cents to a new all-time high of $5.34 on Aug. 20. This was two cents above the previous peak of $5.32 on Aug. 6, 1946, and 31% above the $4.08 on the corresponding date a year ago. The commodities rising in price were rye, coffee, beans, eggs, steers, and sheep. Items decreasing in price were wheat, corn, oats, barley, butter, potatoes, hogs, and lambs. The index represents the sum total of the price per pound of 31 foods in general use.

Daily Wholesale Commodity Price Index—The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., declined gradually during the past week after a moderate rise early in the week. The index was 224.82 on Aug. 20, close to the 225.75 on Tuesday of last week, and 29% above the 174.54 registered on the corresponding day a year ago.

Activity in leading grain markets was slow last week pending the announcement of the government pricing policy. The volume of trading in grain futures on the Chicago Board of Trade showed little change from the low of the previous week. Cash and futures prices of wheat held close to old ceilings. Crop reports continued to indicate a bumper harvest of wheat for this season. Offerings of flour were scarce as mills shipped against old contracts. The September export program included 380,000 long tons of flour. Prices of the active deliveries of oats futures dropped to a seasonal low last week. Cash prices for old crop corn fell off again last week and prices bid on the new crop were generally low and below ceilings in effect June 30. Hog prices changed frequently during the week and similar grades sold at varying prices. Prices on several grades of steers were at all-time peaks last week with prices higher generally on most varieties of cattle.

Active contracts in the cotton futures market declined in price last week after a two-week period of rising prices. On the New York Cotton Exchange active contracts fell off 17 to 148 points for the week compared to increases of 165 to 226 points in the previous week. Buying in the spot markets was light last week, as mills delayed placement of orders until September textile price ceilings are anounced by the OPA. Removal of the export subsidy on cotton was urged by the State Department, but the Department of Agriculture made no comment. Domestic cotton consumption dropped to about 725,000 bales in July from 793,000 in June, compared to 673,000 bales consumed in July of last year. Whether conditions in the cotton belt were mixed last week with reports of serious weevil damage in some sections. Little new business was transacted in carded gray cotton cloth markets, though some deliveries were executed against old contracts.

Domestic wools were in active demand in the Boston wool market last week. Prices on good types were at ceiling levels, while those on defective varieties dropped slightly from prices in the previous week. Foreign wools, when available, sold at full allowable prices with demand particularly strong for South American, Cape, and Australian wools. The Commodity Credit Corporation appraised 13,832,445 pounds of domestic wool for purchase the week ended Aug. 9, bringing the total appraisal of 1946 wools to 182,083,411 pounds, 10% less than the total a year ago.

Wholesale and Retail Trade— Total retail volume throughout the country increased slightly during the past week with dollar volume far exceeding that of the first week of peace a year ago when extended V-J Day celebrations affected the shopping routine of many consumers. The selectivity that has been evident in the high demand of recent weeks continued to increase last week, according to Dun & Bradstreet, Inc., in its survey of trade.

Heavy consumer buying maintained food volume at the high level of the previous week with the supply of food generally abundant. In addition to the wide selections of fresh fruits and vegetables that were available, there was an ample supply of meat, poultry and fish. A sudden rise in the demand for coffee resulted in an apparent shortage in some scattered localities. Stocks of fats, oils and soap were increasing slowly.

Apparel continued to attract a large share of consumer attention as fall selections were expanded by increased receipts at the retail level. Plaid skirts and sportswear, suits of neutral tone, and furtrimmed coats aroused the interest of many undergraduate shoppers. The demand for accessories was high with millinery and footwear eagerly sought. The retail volume of men's suits rose slightly the past week as selections continued to increase slowly. The supply of shirts, underwear, pajamas and other men's furnishings was larger and consumer demand was more discriminating than in many previous weeks.

Home furnishings and household appliances remained high among the best sellers last week. The curtailment of seasonal furniture promotions in some localities as stocks became limited resulted in only a slight decline in dollar volume from the previous week. Hardware was frequently sought. There was almost no change in the limited supply of piece goods, curtains and draperies the past week.

Retail volume for the country last week was estimated to be from 43 to 47% above that of the holiday-shortened week a year ago. Regional percentage increases were: New England 42 to 46, East 46 to 50, Middle West 40 to 44, Northwest 45 to 49, South 43 to 47, Southwest 38 to 42 and Pacific Coast 44 to 48.

Total wholesale volume for the week remained at almost the same high level of the previous week and was considerably above that of the first postwar week one year ago. There was a small but noticeable improvement in deliveries and new order volume was maintained at a high level.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Aug. 17, 1946, increased by 90% above the same period of last year. In using year ago comparisons for this week allowance should be made for the fact that last year stores closed for one or two days during the celebration of the Japanese acceptance of the Potsdam Declaration. This compared with an increase of 30% (revised figure) in the preceding week. For the four weeks ended Aug. 17, 1946, sales increased by 43% and for the year to date by 29%.

The volume of retail trade here in New York the past week was strong as department store volume, according to estimates advanced 40% ahead of a year ago. A rise of more than 85% in new registrations reflected the increasing flow of new cars into this area. Deliveries in apparel lines displayed strength in the week with the exception of higher price categories. Some seasonal improvement was noted in food sales.

In the wholesale field buyers' arrivals in the markets reflected a decided increase as stores endeavored to speed up merchandise shipments for early season selling.

According to the Federal Reserve Bank's index, department stores sales in New York City for the weekly period to Aug. 17, 1946, increased 156% above the same period last year, as a result of the two-day holiday at that time. This compared with an increase of 37% in the preceding week. For the four weeks ended Aug. 17, 1946, sales rose by 40% and for the year to date by 24%.

Industry Men to Stay On Wage Board

Both the industry members of the National Wage Stabilization Board disclosed recently that they sought to resign from the Board during the price control extension battle, but said they are staying on at President Truman's request, it was reported from Washington on Aug. 7 by the Associated Press, which continued:

The two members, Earl N. Cannon and A. Colman Barrett, said that they believe the Board's tripartite system, with members representing the public, labor and management, was "inconsistent with the normal precepts of the administration of Government in peacetime." They said they believed that industry generally shared this opinion.

President Truman asked both men to stay on, in a letter dated Aug. 1 and made public by the Board. The resignations were submitted July 18.

"It is clear," the President wrote, "that effective administration of a program of wage stabilization will continue to be a matter of basic importance to domestic economy.

"There is also the possibility, to which you allude in your letter, that modifications in the present controls will be necessary."

Cotton Spinning for July

The Bureau of the Census announced on Aug. 22 that, according to preliminary figures, 23,861,914 cotton spinning spindles were in place in the United States on July 31, 1946, of which 21,985,298 were operated at some time during the month, compared with 21,942,878 in June, 21,958,496 in May, 21,972,784 in April, 21,957,254 in March, 21,628,793 in February, 21,629,882 in January, 21,551,960 in December, 21,605,060 in November, 21,721,792 in October, 21,911,746 in September, 22,170,180 in August, and 22,029,282 in July 1945. The aggregate number of active spindle hours reported for the month was 8,002,194,236 an average of 335 per spindle in place, compared with 8,787,430,064, an average of 368 per spindle in place for last month and 7,925,813,588 an average of 343 per spindle in place, for July 1945. Based on an activity of 80 hours per week, cotton spindles in the United States were operated during July 1946 at 95.3% capacity. The percent, on the same activity basis, was 115.1 for June, 110.5 for May, 109.7 for April, 101.7 for March, 113.1 for February, 110.7 for January, 101.5 for December, 104.6 for November, 105.0 for October, 111.8 for September, 100.5 for August, and 102.0 for July 1945.

Graduate School of Banking To Have Reunion

Graduates and students of The Graduate School of Banking in attendance at the forthcoming A.B.A. Convention in Chicago and those residing in the Chicago area will have a get-together dinner during the convention, it was announced on August 20 by Kenneth R. Wells, Assistant Vice-President of the American National Bank and Trust Company of Chicago, who is General Chairman for the reunion. The affair will be held in the North Ballroom of the Hotel Stevens on September 24. The dinner will be preceded by a social hour. William G. F. Price, Vice-President of the American National Bank and Trust Company of Chicago and a member of the Credits faculty of The Graduate School of Banking, will be toastmaster. Dr. Harold Stonier, director of the school will be the only speaker. Requests for reservations may be sent to Mr. Wells.

Monopoly and the Public Dollar

(Continued from first page)

volved in administering fiscal and economic policy is readily apparent from the volume of money handled. In 1940 $15,800,000,000, or 16.3% of our total national product, went into local and federal taxes. In 1945, this figure had reached $49,300,000,000, or 24.7% of the total gross national product.

Government Procurement

Among the foremost of these economic activities is the purchasing of supplies by public agencies—an activity which in its ramifications is as complex as the conduct of foreign affairs or the safeguarding of military security. Perhaps no other governmental function so directly concerns the average taxpayer. He has an immediate stake in the way public money is spent and the policies and directions which govern expenditure. He has a lively regard for value received and wants genuine economy, the receipt of the highest possible value at the least possible cost, to be the consistent aim of policy. Therefore, government purchasing as a profession demands an extraordinary degree of training, skill and know-how. Concerning the broad field of government purchasing, I know enough to be silent before a group of distinguished experts. However, in the phase of the matter in which I work I may be able to be helpful.

Government as a purchaser is a consumer with special characteristics. In most instances government is a mass purchaser. Indeed in many cases it may be the only user, or at least the largest user of many types of products, just as it is in so many ways the sole supplier of particular services.

In this sense, when a government agency enters the market as a consumer it represents all consumers. If the market is not free, if prices are controlled by monopoly groups, if price discrimination exists, or if suppliers attempt by collusion to exact exorbitant and arbitrary returns, the government agency is placed in double jeopardy as not only the agency, but the public interest in its broadest sense is injured. The government as purchaser is especially vulnerable to the tactics of price conspiracy and collusion as it is often without recourse because public needs are urgent.

Taking Advantage of Government

There have been deliberate efforts to take advantage of the government. Many students of the problems of government purchasing have attested to the prevalence and the effects of monopoly practices in this field. The late Herman Oliphant, who served as General Counsel for the Treasury and the representative of that department on the Temporary National Economic Committee, was a consistent and eloquent advocate of the importance of preserving the competitive system of free enterprise. He stated that he had time and again discovered that when the government entered the market to purchase a wide range of materials it was unable to obtain competitive bids, and encountered monopoly practices and monopoly prices in all their many variations. This same condition was noted by the late President Roosevelt in his message creating the Temporary National Economic Committee. He said that in instance after instance the government was confronted with bids "identical to the last cent."

In studies made by the Temporary National Economic Committee, it was found that there were three major types of Federal bid openings in which identical bidding occurred. In the first type, all bids were identical in every respect. It is inconceivable that such bids could have been made independently or competitively in good faith. In another class of bid openings, it was found that of all bids received, two or more of the supposedly lowest bids were identical. The third group consisted of bids in which there was some variation, but in which identical figures occurred so frequently as to suggest collusion.

Suspects Monopoly

The philosophy of monopoly is clearly discernible in all of these circumstances. The monopolist reasons that since the government must choose from among available bidders, prices can be conveniently rigged at non-competitive figures. The Temporary National Economic Committee discovered that in markets and industries as diverse in their behavior and as widely separated in their characteristics as fruit, fish, furniture, paper, ammunition, petroleum, cement, salt, metals, electrical equipment, plumbing supplies, motor vehicles, and pottery, identical bids were submitted on occassions so numerous that they can be accounted for in no other way than by the presence and power of monopolistic combination. It was observed also that in many instances industries which were ordinarily competitive suddenly displayed all the traits of monopoly when the government sought to purchase a commodity.

In effect, these instances represent a form of private tax placed upon the public—a tax paid to the power of monopoly in industry. It is bad enough ordinarily that a monopoly group should find it possible to take advantage of the general consumer by dominating markets and eliminating competition. But when, in a democracy, monopoly flaunts its power by seeking to compel government to accept its terms, it challenges the supremacy of the will of the majority; it constitutes an attack upon the foundations of our government.

Relief from the Situation

It has been strongly urged as a remedy for such practices that the government withheld purchases from companies shown to be guilty of monopoly dealings. Government ownership has also been suggested as a remedy. Real relief, however, must come first from an awareness upon the part of government purchasing agencies of the dangers and methods of monopoly.

With this in mind it may prove useful to outline what the Antitrust Division has done and is doing to assist you in combatting these enemies of free enterprise.

Municipalities, the exclusive purchasers of parking meters, had been the victims of a combination to fix prices, terms and conditions of sale through the formation and operation of a patent pool. The principal means used were: (a) acquiring patents to suppress competition; (b) agreeing not to extend patent licenses to manufacturing competitors not parties to the pool, and by threatening such manufacturers with patent infringement suits; (c) agreeing to maintain minimum prices, terms and conditions of sale; (d) coercing cities by patent infringement suits to confine their purchases of parking meters to members of the combination. Te net effect of this illegal activity was the suppression of competition with the result that cities and municipalities were required to pay arbitrary, non-competitive prices established by the combine, and to accept the collusive terms and conditions of selling and servicing the equipment. Against such a powerful combination, municipalities were virtually helpless.

The Department of Justice filed suit and achieved the elimination of these abuses. By final decree of the court, the illegal patent licensing agreements were dissolved, compulsory licensing of the patents was ordered on a reasonable royalty basis, and the defendants were enjoined from instituting or threatening to institute patent infringement suits against users or purchasers of parking meters, and from merging in other illegal practices. This action has enabled cities to purchase in a truly competitive market at prices determined solely by normal marketing conditions.

Program to Halt Collusive Bidding

We now have under way a program of investigation designed specially to halt collusive bidding and to break up monopoly in the sale of those items purchased in large quantities by government agencies. This investigation has already resulted in the filing of two anti-trust actions involving commodities used extensively by city, state and federal governments. The case of mimeographing machinery and supplies is a typical example of the way government purchasing agencies have been victimized. An indictment was returned on July 22 of this year against five corporations and six individuals, charging them with conspiring to restrain and monopolize the stencil duplicating industry. The practices engaged in by the defendants in this case ran the gamut of anti-trust violations. Practically every improper means was employed to achieve and maintain a monopoly position. A civil complaint was also filed with the indictment requesting injunction against the continuance of the defendants' illegal practices, cancelling the illegal agreements, seeking dissipation of the effects of patent abuses, and seeking such dissolution of the principal defendant company as will end the monopoly. It is the earnest hope of the Department that the termination of the case will see the destruction of this concerted front with which government has been forced to deal at great disadvantage.

The use of specialty business forms in accounting and business offices of city, state and federal governments has grown to increasing proportions in the past few years. The direct experience of the Department of Justice in purchasing convinced it that competition in the industry had been stifled and that as a result the prices of this product were maintained at an unreasonably high level by the activities of an important company. This manufacturer attempted to monopolize the market by leasing certain patented devices in such a way as to compel the lessees to purchase specialty business forms only from this same manufacturer. So necessary are these patented devices in certain tabulating and statistical operations that purchasing agents have been forced to accede to the conditions of the manufacturer in making their purchases of these business forms, the alternative being failure to obtain the devices.

To correct this situation and to restore free and normal competition in the industry, suit was filed during the past month to invalidate these restrictive arrangements and prevent any future attempts at monopolization.

Other situations under investigation involve products vitally necessary to government operations and to public health and safety. Each case arose from a complaint concerning identical bidding and the general investigation which followed revealed the existence of conspiracies and monopolies indulging in practically all the practices declared illegal by the court.

It has been discovered, for instance, that small companies have been purchased in order to remove them as a source of competition, that suppliers of parts have been required by exclusive contracts to supply all their materials to the dominant company or companies, and that patent infringement suits, or threats of same, have been filed against competitors less secure financially.

One frequent and undesirable practice is for monopolists to submit restrictive specifications for approval to government purchasing agencies hoping thereby to make it impossible for competition to govern the selection of the low bidder. Another not uncommon practice of the monopolists bidding on government purchase orders is to lower bids in areas where competition has dared to fight. When such selective attack has removed the challenge of competition, bids are restored to their previous high level. Another common device is the rotation of bids among the companies party to the conspiracy. In such cases where one concern has been designate to receive the award, other conspirators submit fictitious bids. In other instances, cities have been allocated exclusively to one concern, while other cities are divided among the other conspirators. Protective bids are always submitted to insure the operation of a controlled system. Some monopolists have even used their commanding position to bring injunction suits against municipalities, enjoining them from awarding bids to a lower competitor.

Plan to Forestall Monopoly

Our experience in combatting the unlawful methods used in selling to government permits us to suggest a course of action that might be followed profitably by purchasing officials in order to forestall the monopolist. Identical bids should be investigated. Receipt of only one bid where numerous invitations were sent, or the refusal of companies to bid on different pretexts, should immediately raise suspicion. Specifications should be drawn by disinterested parties. Care should be taken to prevent the insertion of language which has the effect of excluding all but one concern from bidding. It is often convenient to rely upon two or three "name" companies. However, invitations to bid should be sent to small as well as large companies. To expose certain fictitious bidding the concern submitting a bid should always be required to name the manufacturer.

Vigorous enforcement of the Sherman Act and other anti-trust statutes not only eliminates the evil of tampered prices, but makes possible the emergence of new suppliers. In other words, competition is maintained not only by prohibiting monopolistic practices, but also by opening the market to new producers. This two-fold effect represents one of the basic principles upon which free enterprise rests. The need for a government program designed to achieve this end was stated by President Truman last January in his address to Congress on the state of the Union. "We must have an over-all anti-monopoly policy which can be applied by all agencies of the government in exercising the functions assigned to them — a policy designed to encourage the formation and growth of new and freely competitive enterprise."

It is particularly important at this time for city, state and federal governments to be able to obtain their requirements in markets free from monopoly rule. Changes in local conditions traceable to the effects of war have created many acute postwar problems. States and cities are striving to promote industrial growth, to increase facilities for education, to improve housing, or to engage in public works which could not be undertaken during the war years. Funds available for this purpose are always limited. It is consequently a matter of keen interest to all to know that the commodities they must have and the prices they must pay are not subject to the power of national or international monopoly groups. The responsibility for the fight against monopoly, like all civic responsibility, begins in local afafirs.

In the years immediately ahead, the necessity of combatting monopolistic practices will be much greater than ever before. The concentration of economic power in many industries, the disappearance of small producers during the war years, and the scarcities occasioned by war and reconversion, all will affect the conditions under which purchases are made. Government purchasing agencies will find themselves dealing in many seller's markets and, moreover, in many markets in which the seller possesses monopoly control. Time alone will not correct these conditions unless there is a determined and united endeavor both during and after reconversion to stimulate competition and to enforce the laws against cartels, combinations and monopolies in all their forms. Democracy cannot be better served.

Coffee Memo Signed By U. S. and Brazil

The Department of State announced on Aug. 21 that a memorandum of understanding had been signed by Brazilian Ambassador Carlos Martins and Assistant Secretary Spruille Braden on the subject of coffee prices and supplies, containing the following provisions:

1. The Government of the United States will take immediate steps to increase green coffee price ceilings by 8.32 cents per pound ex-dock New York above the ceilings announced by the United States Government December 27, 1941 in price schedule RPS 50.

2. The Government of Brazil will not increase its minimum export prices or its export taxes on coffee above present levels.

3. The Government of Brazil will not alter its exchange rates in such a way as to increase the cost of coffee to the buyer or otherwise restrict the flow of coffee.

4. Should such action be necessary to assure an adequate flow of coffee under this arrangement, the Government of Brazil, upon the request of the Government of the United States, will place coffee on the market at the prices provided for in this arrangement up to a total of 3,000,000 bags. The Government of Brazil may be called upon to supply up to 500,000 bags of such coffee per month. The grades of this coffee will range from Santos 2s to Santos 5s, inclusive, the percentage of each grade to approximate the proportion of such grades exported to the United States during 1941 and the cup quality of the coffee to be soft or better.

5. The Government of Brazil will, in general, refrain from taking any action likely to encourage withholding of coffee from the market.

6. This arrangement will endure until March 31, 1947, or so long as coffee is subject to price control in the United States, whichever is the shorter period.

This understanding replaces an understanding of similar tenor signed June 26, and reflects the new increase in coffee ceilings announced by the Office of Price Administration on August 14.

The action of the OPA on Aug. 14 called for an increase in the retail price of coffee of from 10 to 13 cents a pound.

Moody's Bond Prices and Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table.

MOODY'S BOND PRICES
(Based on Average Yields)

1946— Daily Averages	U. S. Govt. Bonds	Avge. Corpo-rate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Aug. 27	123.14	118.40	122.92	120.43	118.20	112.56	115.04	119.00	121.46
26	123.27	118.40	122.92	120.63	118.20	112.56	115.04	119.00	121.46
24	Stock Exchange Closed								
23	123.30	118.40	122.92	120.84	118.20	112.37	115.04	119.00	121.46
22	123.27	118.40	122.92	120.63	118.20	112.37	115.04	119.00	121.25
21	123.36	118.40	123.13	120.63	118.20	112.37	115.24	119.00	121.46
20	123.39	118.40	123.13	120.63	118.20	112.37	115.24	119.00	121.46
19	123.39	118.40	122.92	120.63	118.20	112.56	115.24	119.00	121.46
17	Stock Exchange Closed								
16	123.49	118.40	122.92	120.63	118.20	112.37	115.24	119.00	121.25
15	123.49	118.40	122.92	120.63	118.20	112.37	115.24	119.00	121.25
14	123.52	118.40	123.13	120.63	118.20	112.37	115.24	119.00	121.25
13	123.52	118.40	122.92	120.63	118.20	112.56	145.24	119.00	121.25
12	123.52	118.40	122.92	120.63	118.20	112.56	115.24	119.00	121.46
10	Stock Exchange Closed								
9	123.49	118.60	123.13	120.84	118.20	112.56	115.24	119.00	121.46
8	123.49	118.60	123.13	120.63	118.20	112.56	115.24	119.00	121.46
7	123.49	118.60	123.13	120.63	118.20	112.56	115.24	119.00	121.46
6	123.45	118.60	123.13	120.84	118.20	112.56	115.43	119.00	121.25
5	123.45	118.60	123.13	120.84	118.20	112.56	115.43	119.00	121.46
3	Stock Exchange Closed								
2	123.45	118.60	123.13	120.84	118.20	112.56	115.43	119.00	121.25
1	123.49	118.60	123.13	120.84	118.20	112.56	115.43	119.00	121.25
July 26	123.77	118.60	123.13	121.04	118.40	112.56	115.63	119.20	121.46
19	123.83	118.80	123.34	121.25	118.40	112.37	115.63	119.20	121.46
12	124.14	118.80	123.56	121.25	118.60	112.56	116.02	119.20	121.46
5	124.24	118.80	123.34	121.25	118.60	112.37	115.82	119.20	121.46
June 28	124.11	118.80	123.34	121.25	118.40	112.56	116.02	119.20	121.46
21	124.17	118.80	123.34	121.25	118.40	112.56	116.02	119.20	121.46
14	124.17	118.80	123.34	121.25	118.40	112.56	116.02	119.00	121.25
7	124.02	118.80	123.13	121.25	118.40	112.56	116.02	119.00	121.25
May 31	123.99	118.80	122.92	121.46	118.40	112.56	116.22	119.00	121.04
24	123.99	118.80	123.13	121.46	118.40	112.56	116.22	119.00	121.04
17	124.14	118.60	122.71	121.46	118.20	112.56	116.20	119.00	121.04
10	123.83	118.80	122.92	121.46	118.60	112.75	116.41	119.20	121.04
3	124.49	119.00	122.92	121.67	118.60	113.12	116.61	119.41	121.04
Apr. 26	124.33	119.00	123.34	121.25	118.40	113.12	116.41	119.41	121.04
Mar. 29	125.61	119.82	123.99	122.29	119.41	114.27	117.40	120.22	122.09
Feb. 21	126.02	120.22	123.34	121.88	119.00	114.27	116.41	120.22	122.09
Jan. 25	126.28	119.00	123.12	121.25	119.00	113.31	115.63	119.41	122.09
High 1946	126.28	120.02	124.20	122.50	119.61	114.46	117.60	120.43	122.50
Low 1946	123.14	117.60	121.46	119.82	117.40	112.19	114.46	117.80	120.63
1 Year Ago Aug. 27, 1945	122.09	115.82	120.63	119.00	116.02	108.34	112.56	115.63	119.41
2 Years Ago Aug. 25, 1944	119.88	112.75	118.80	117.40	112.19	103.30	106.74	114.27	117.20

MOODY'S BOND YIELD AVERAGES
(Based on Individual Closing Prices)

1946— Daily Averages	U. S. Govt. Bonds	Avge. Corpo-rate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U	Indus
Aug. 27	1.54	2.73	2.51	2.63	2.74	3.03	2.90	2.70	2.58
26	1.53	2.73	2.51	2.62	2.74	3.03	2.90	2.70	2.58
24	Stock Exchange Closed								
23	1.52	2.73	2.51	2.61	2.74	3.04	2.90	2.70	2.58
22	1.53	2.73	2.51	2.62	2.74	3.04	2.90	2.70	2.59
21	1.52	2.73	2.50	2.62	2.74	3.04	2.89	2.70	2.58
20	1.52	2.73	2.50	2.52	2.74	3.04	2.89	2.70	2.58
19	1.52	2.73	2.51	2.62	2.74	3.03	2.89	2.70	2.58
17	Stock Exchange Closed								
16	1.51	2.73	2.51	2.62	2.74	3.04	2.89	2.70	2.59
15	1.51	2.73	2.51	2.62	2.74	3.04	2.89	2.70	2.59
14	1.51	2.73	2.50	2.62	2.74	3.04	2.89	2.70	2.59
13	1.51	2.73	2.51	2.62	2.74	3.03	2.89	2.70	2.59
12	1.51	2.73	2.51	2.62	2.74	3.03	2.89	2.70	2.58
10	Stock Exchange Closed								
9	1.51	2.72	2.50	2.61	2.74	3.03	2.89	2.70	2.58
8	1.51	2.72	2.50	2.62	2.74	3.03	2.89	2.70	2.58
7	1.51	2.72	2.50	2.62	2.74	3.03	2.89	2.70	2.58
6	1.51	2.72	2.50	2.61	2.74	3.03	2.88	2.70	2.59
5	1.51	2.72	2.50	2.61	2.74	3.03	2.88	2.70	2.58
3	Stock Exchange Closed								
2	1.51	2.72	2.50	2.61	2.74	3.03	2.88	2.70	2.59
1	1.51	2.72	2.50	2.61	2.74	3.03	2.88	2.70	2.59
July 26	1.49	2.73	2.50	2.60	2.73	3.03	2.87	2.69	2.58
19	1.49	2.71	2.49	2.59	2.73	3.04	2.87	2.69	2.58
12	1.47	2.71	2.48	2.59	2.72	3.03	2.85	2.69	2.58
5	1.46	2.71	2.49	2.59	2.72	3.04	2.86	2.69	2.58
June 28	1.47	2.71	2.49	2.59	2.73	3.03	2.85	2.69	2.58
21	1.46	2.71	2.49	2.59	2.73	3.03	2.85	2.69	2.58
14	1.46	2.71	2.49	2.59	2.73	3.03	2.85	2.70	2.59
7	1.47	2.71	2.50	2.59	2.73	3.03	2.85	2.70	2.59
May 31	1.48	2.71	2.51	2.58	2.73	3.03	2.84	2.70	2.60
24	1.48	2.71	2.50	2.58	2.73	3.03	2.84	2.70	2.60
17	1.47	2.72	2.52	2.58	2.74	3.03	2.84	2.70	2.60
10	1.49	2.71	2.51	2.58	2.72	3.02	2.83	2.69	2.60
3	1.44	2.70	2.51	2.57	2.72	3.00	2.82	2.68	2.60
Apr. 26	1.45	2.70	2.49	2.59	2.73	3.00	2.83	2.68	2.60
Mar. 29	1.36	2.66	2.46	2.54	2.68	2.94	2.78	2.64	2.55
Feb. 21	1.33	2.67	2.49	2.56	2.70	2.94	2.83	2.64	2.55
Jan. 25	1.31	2.70	2.50	2.59	2.70	2.99	2.87	2.68	2.55
High 1946	1.54	2.77	2.58	2.66	2.78	3.05	2.93	2.76	2.62
Low 1946	1.31	2.65	2.45	2.53	2.67	2.93	2.77	2.63	2.53
1 Year Ago Aug. 27, 1945	1.65	2.86	2.62	2.70	2.85	3.26	3.03	2.87	2.68
2 Years Ago Aug. 25, 1944	1.81	3.02	2.71	2.78	3.05	3.55	3.35	2.94	2.79

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

NOTE—The list used in compiling the averages was given in the Nov. 22, 1945 issue of the "Chronicle" on page 2508.

Cotton Ginned from 1946 Crop Prior to Aug. 16

The Census report issued on Aug. 23, compiled from the individual returns of the ginners, shows as follows the number of bales of cotton ginned from the growth of 1946 prior to Aug. 16, 1946, and comparative statistics to the corresponding date in 1945 and 1944.

RUNNING BALES
(Counting round as half bales and excluding linters)

State—	1946	1945	1944
United States	*283,535	*231,527	*164,557
Alabama	871	6,875	536
Florida	133	764	273
Georgia	5,613	5,819	5,781
Louisiana	516	1,350	2,281
Texas	276,199	216,156	154,758
All other States	203	563	928

*Includes 171,641 bales of the crop of 1946 ginned prior to Aug. 1 which was counted in the supply for the season of 1945-44 compared with 132,737 and 48,183 bales of the crops of 1945 and 1944.

The statistics in this report include no round bales for 1946; none for 1945 and none for 1944.

The statistics for 1946 in this report are subject to revision when checked against the individual returns of the ginners being transmitted by mail.

National Fertilizer Assoc. Commodity Price Index Advances to Another New High Peak

The wholesale commodity price index compiled by the National Fertilizer Association and made public on Aug. 26, registered a substantial gain in the week ended Aug. 24, 1946 when it reached the new high level of 176.4, advancing from 174.7 in the preceding week. The index has risen 16.3% since the last week of June, the week the OPA was suspended, and is 24.8% higher than a year ago. A month ago the index stood at 170.8 and a year ago at 141.3, all based on the 1935-1939 average as 100. The Association's report went on to say:

During the latest week four groups of the composite index advanced and one declined. The farm products group showed the greatest advance, rising 2.3%. The cotton subgroup declined. The grains subgroup advanced only fractionally with prices mixed; wheat prices declined and prices for corn, oats, and rye advanced. The livestock index advanced sharply with cattle and hog prices soaring to new highs, and higher quotations for lambs, sheep, calves, eggs, fluid milk and live poultry. The foods index again advanced with prices for butter, flour, dried prunes, and dressed fowl higher and potatoes lower. The metals index advanced slightly with higher prices for finished steel more than offsetting lower prices for brass sheets. The miscellaneous commodities index rose with feedstuff prices mixed and higher prices for news roll paper. The textiles index declined slightly. All of the remaining groups of the index were unchanged.

During the week 24 price series in the index advanced and eight declined; in the preceding week 27 advanced and 11 declined; in the second preceding week 22 advanced and 18 declined.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Aug. 24, 1946	Preceding Week Aug. 17, 1946	Month Ago July 27, 1946	Year Ago Aug. 25, 1945
25.3	Foods	188.4	185.1	181.4	144.3
	Fats and Oils	227.8	223.8	205.9	145.2
	Cottonseed Oil	202.3	202.3	202.3	163.1
23.0	Farm Products	224.1	219.0	212.4	167.2
	Cotton	338.3	341.0	318.6	211.4
	Grains	211.4	210.6	220.3	158.9
	Livestock	212.9	204.2	195.7	163.2
17.3	Fuels	154.2	154.2	138.6	134.5
10.8	Miscellaneous commodities	146.5	146.0	154.2	132.8
8.2	Textiles	204.7	205.4	196.6	156.6
7.1	Metals	124.5	124.4	125.3	108.9
6.1	Building materials	177.4	177.4	186.4	153.8
1.3	Chemicals and drugs	127.5	127.5	128.3	125.8
.3	Fertilizer materials	122.5	122.5	121.0	118.3
.3	Fertilizers	120.8	120.8r	119.8	119.9
.3	Farm machinery	115.1	115.1	115.1	104.8
100.0	All groups combined	176.4	174.7	170.8	141.3

*Indexes on 1926-1928 base were: Aug. 24, 1946, 137.4; Aug. 17, 1946, 136.1; and Aug. 25, 1945, 110.1. rRevised.

Curb Short Positions Lowest in August

The total short position in stocks traded on the New York Curb Exchange declined sharply by 70,813 shares, or 44%, during the past month, the exchange announced on Aug. 22. Total short positions stood at 90,417 shares on Aug. 15, 1946, the lowest monthly figure reported since Aug. 15, 1945, when the short position totaled 86,686 shares. On July 15, 1946, the short position amounted to 161,230 shares, an increase of 24,047 shares over June 1946.

The report shows that only three issues of the total 851 issues traded on the Curb Exchange on Aug. 15, 1946, showed a short position in excess of 5,000 shares, compared with five issues on July 15, 1946. Only 179 of the 851 issues showed any short position on Aug. 15. Short position in bonds, which has slowly decreased in recent months, was entirely eliminated as of Aug. 15.

The report in part follows:

Security—	Short Position Aug. 15	Short Position July 15	Increase	Decrease
Cities Service Co., common	5,950	4,435	1,515	
Claude Neon Lights, Inc., common	6,400	4,398	2,002	
Pan American Airways Corp., warrants	8,900	9,950		1,050
Total short position, stocks	90,417	161,230		70,813
Total short position, bonds	0	2		2

Veterans Now Using $2 Billions in Credit

Approximately two billion dollars in credit has already been extended to war veterans to aid them in buying a home or establishing themselves in business, or in farming, according to Chester R. Davis, Chairman of the Committee on Service for War Veterans of the American Bankers Association, who is also Vice-President and Trust Officer of the Chicago Title and Trust Company, Chicago, Ill. In making this known Aug. 6, the ABA advices further said:

"A report from the Veterans Administration on loans closed and disbursed shows that on July 19, all lenders had made a total of 217,466 guaranteed loans to veterans in an aggregate amount of $1,022,095,713. Of this total the Veterans Administration commitments for guarantee on insurance amounted to $464,812,187. A spot check of 4,000 banks shows that for every dollar of guaranteed loans made, banks are extending an equal amount of credit to veterans without the guaranteed provisions," Mr. Davis said.

On the basis of the definite figure supplied by the Veterans Administration on guaranteed loans, it is shown that of all guaranteed loans made, 190,630 were home loans in a principal amount of $941,379,332. The average size of home loans made to veterans is less than $5,000. There have also been 19,254 guaranteed business loans made amounting to $53,889,744. These loans average less than $3,000.

The 7,582 farm loans which have been made for a total of $23,826,637 were, for the most part, loans made to veteran farmers for purchase of equipment. However, despite the high price of farm land, many banks report that they have successfully aided veterans in buying a farm at figures which are not inflated.

The Veterans Administration also reports that 42,637 applications for loans to veterans are now in process. This figure includes many cases pending and many other cases which have been approved on which final closing statements have not been received.

When to Buy!

(Continued from first page)

ing, the demand for most things is still greater than the supply.

Insist on Good Quality

It may be some time before prices can be adjusted into better balance with wages and the old law of supply and demand can again operate. In the meantime, there are bound to be some compromises with quality. Higher wages and costs, plus price ceilings, have encouraged these compromises. Wise housewives will object to paying the same old price, or a higher one, for poorer materials. Although department store sales have increased greatly over a year ago, a tendency to bypass shoddy merchandise has begun to be apparent. In many lines, as in the furniture business where there is a shortage of seasoned lumber, the output will probably be designed to fill the demand and not necessarily for enduring satisfaction.

Have Patience to Wait

How long must we wait to buy? The United States Department of Agriculture says food commodity price rises may be stopped with a bumper crop this coming harvest. It claims that if the good weather continues, the U. S. should have a 28% greater corn supply than in the normal year. Corn syrup and starch are, for example, now up 25% in price. These should come down. With good crops in other countries, our harvest should be a large factor in easing the world food situation. Then the grains and all their products, including bread, should begin to be less expensive.

Patience to wait was rewarded recently in Florida where the public's antipathy to a high price for butter caused a rivalry between two stores. This made their price of butter fall from seventy-seven to nineteen cents a pound in one day! Some food retailers are trying hard to "hold the line," and are in certain cases urging customers not to buy. Of course buyers' strikes in any degree, can not last long against foods, or we go hungry. But on all the nonfood commodities, those of us who have the patience to wait will sometime be rewarded by cheaper, or at least, better goods.

The Revived OPA

The 18% food price rise after the original OPA was made invalid brought resistance all over the country in the form of buyers' strikes. Labor gave every indication of planning more strikes for more wage increases and used the buyers' strikes as a deliberate weapon to encourage a revived OPA. Perhaps this modified form of price control will prove a deterrent to further labor demands.

It is estimated that, in any case, the cost of living must continue to go up if wages are again increased. No OPA can stop it. With OPA prices would still rise. This, therefore, is a period in which to buy only what we need unless we are sure there will be no more strikes. The time to buy is when the supply of goods is ample and businesses are competing in improving their products with an eye to enticing the public. This ideal state of affairs may not come before 1948 although remember what I wrote last week about fish!

Moody's Daily Commodity Index

Tuesday, Aug. 20	346.6
Wednesday, Aug. 21	343.8
Thursday, Aug. 22	351.4
Friday, Aug. 23	352.3
Saturday, Aug. 24	352.3
Monday, Aug. 26	338.9
Tuesday, Aug. 27	336.2
Two weeks ago, Aug. 13	348.2
Month ago, July 27	342.6
Year ago, Aug. 27, 1945	254.2
1945 High, Dec. 27	265.0
Low, Jan. 24	252.1
1946 High, Aug. 1	356.3
Low, Jan. 2, 1946	264.7

Trading on New York Exchanges

The Securities and Exchange Commission made public on Aug. 21 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Aug. 3, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Aug. 3 (in round-lot transactions) totaled 1,656,830 shares, which amount was 18.53% of the total transactions on the Exchange of 4,471,550 shares. This compares with member trading during the week ended July 27 of 1,992,950 shares or 16.97% of the total trading of 5,871,260 shares.

On the New York Curb Exchange, member trading during the week ended Aug. 3 amounted to 289,920 shares, or 13.67% of the total volume on that exchange of 1,060,605 shares. During the week ended July 27 trading for the account of Curb members of 546,790 shares was 16.64% of the total trading of 1,643,490 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED AUG. 3, 1946

	Total for Week	†%
A. Total Round-Lot Sales:		
Short sales	168,160	
‡Other sales	4,303,390	
Total sales	4,471,550	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	457,260	
Short sales	104,200	
‡Other sales	355,080	
Total sales	459,280	10.25
2. Other transactions initiated on the floor—		
Total purchases	52,110	
Short sales	16,600	
‡Other sales	184,600	
Total sales	201,200	2.83
3. Other transactions initiated off the floor—		
Total purchases	252,370	
Short sales	33,660	
‡Other sales	200,950	
Total sales	234,610	5.45
4. Total—		
Total purchases	761,740	
Short sales	154,460	
‡Other sales	740,630	
Total sales	895,090	18.53

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED AUG. 3, 1946

	Total for Week	†%
A. Total Round-Lot Sales:		
Short sales	16,770	
‡Other sales	1,043,835	
Total sales	1,060,605	
B. Round-Lot Transactions for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	102,385	
Short sales	8,040	
‡Other sales	103,445	
Total sales	111,485	10.08
2. Other transactions initiated on the floor—		
Total purchases	6,625	
Short sales	1,310	
‡Other sales	12,400	
Total sales	13,710	0.96
3. Other transactions initiated off the floor—		
Total purchases	26,535	
Short sales	5,100	
‡Other sales	24,080	
Total sales	29,180	2.63
4. Total—		
Total purchases	135,545	
Short sales	14,450	
‡Other sales	139,925	
Total sales	154,375	13.67
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	60,594	
Total purchases	60,594	
Total sales	57,876	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Non-Ferrous Metals—Lead and Zinc Users Hit by Price Uncertainty—Copper Sales Up

"E. & M. J. Metal and Mineral Markets," in its issue of Aug. 22 stated: "Recent restoration of ceiling prices on lead and zinc is retarding the flow of these metals to consumers, and curtailment in manufacturing operations appears to be imminent. The situation in zinc is more acute than in lead. Demand for all of the major non-ferrous metals is active. Copper deliveries this month have increased sharply, reflecting increased production, following the recent ending of labor disputes. An agreement has been reached with Bolivian producers of tin concentrates under which purchases will be made at somewhat higher prices, retroactive to Jan. 1, 1946." The publication further went on to say in part as follows:

Copper

Deliveries of copper to domestic consumers during August are expected to increase substantially over tonnages moved in recent months, thanks to the resumption of work at mines, mills, smelters, and refineries. Some observers believe that deliveries may exceed 100,000 tons.

The contract for the purchase of 30,000 tons of Chilean copper by the Government has been signed. News from Rhodesia was more encouraging, and there was a strong possibility that strikes in that area will be settled soon.

Beginning Aug. 23, domestic smelters and refineries treating foreign metal will be permitted to sell the metal at the price obtaining in the foreign market.

Lead

September allocations of lead were reviewed by members of the industry and the CPA in Washington yesterday. In view of the fact that a substantial tonnage of lead has been locked up by producers, owing to the high cost of metal acquired in the period when the price was 9½c., the quantity available for September is expected to fall short of expectations. Requests for lead from consumers, as for some time past, continue well in excess of available supplies. The "kitty," or set-aside for September metal, remains unchanged at 25%.

Sales of lead last week amounted to 2,659 tons, against 1,857 tons in the preceding week.

Zinc

Producers of zinc were disappointed last week that nothing has yet been done by OPA about adjusting the ceiling price of zinc upward. The delay in acting on the matter has resulted in a widespread dearth in offerings of zinc. Consumers of both Prime Western and Special High Grade will have to restrict their operations still further unless the situation is corrected soon, the industry has learned. The Office of Metals Reserve has not changed its position in reference to releasing zinc from the Government's holdings, and metal from that source is not expected to become available until after producers again take on business at a normal rate.

Prime Western zinc has sold in the foreign market at prices ranging from 10¼c. to 10½c. per pound.

The strike at the mines of the New Jersey Zinc Co. at Franklin and Ogdensburg, N. J., was settled Aug. 17. Wages will be increased 18½c. an hour, but demands for a closed shop were turned down.

Tin

The RFC, Bolivian producers, and representatives of the Bolivian Government have agreed on continuation of the tin purchase program on Aug. 21. The revised base price was established at 62½c. per pound of tin contained, retroactive to Jan. 1, 1946, with bonus payments to producers participating in the program in the event that exports to the United States are maintained at the rate of 17,600 metric tons of tin for the year. The bonus will amount to a maximum of 1c. per pound on Jan.-June exports, and 3c. in the July-Dec. period.

About 1,000 tons of tin arrived here last week from Japan, all of which went to the Metals Reserve.

The market situation in tin was unchanged last week. Straits quality tin for shipment, in cents per pound, was nominally as follows:

	Aug.	Sept.	Oct.
Aug. 15	52.000	52.000	52.000
Aug. 16	52.000	52.000	52.000
Aug. 17	52.000	52.000	52.000
Aug. 19	52.000	52.000	52.000
Aug. 20	52.000	52.000	52.000
Aug. 21	52.000	52.000	52.000

Chinese, or 99% tin, was unchanged at 51.125c.

Quicksilver

Domestic production of quicksilver during the second quarter amounted to 7,000 flasks, which compares with 5,550 flasks in the Jan.-March period, the Bureau of Mines reports. General imports in the second quarter totaled 4,599 flasks, against 1,256 flasks in the first quarter. Domestic consumption was estimated at 8,400 flasks for the April-June period, which contrasts with 7,000 flasks in the first quarter. Stocks in the hands of consumers and dealers increased 1,800 flasks during the quarter, to 12,700 flasks.

The price situation in the New York market was unchanged last week, quotations holding at $98 to $100 per flask. In regard to metal captured from the Germans, it was learned last week that this lot is in firm hands and earmarked at present for the foreign market.

Silver

Demand for silver remains at a high level, but with supplies sufficient to take care of the volume of business that has materialized at prevailing prices, the tense situation that existed here over the first half of the year has virtually disappeared. The New York Official price continued at 90⅛c. London was unchanged at 55½d.

DAILY PRICES OF METALS ("E. & M. J." QUOTATIONS)

	—Electrolytic Copper— Dom. Refy.	Exp. Refy.	Straits Tin, New York	—Lead— New York	St. Louis	Zinc St. Louis
Aug. 15	14.150	16.150	52.000	8.250	8.100	8.250
Aug. 16	14.150	15.950	52.000	8.250	8.100	8.250
Aug. 17	14.150	15.950	52.000	8.250	8.100	8.250
Aug. 19	14.150	16.175	52.000	8.250	8.100	8.250
Aug. 20	14.150	16.175	52.000	8.250	8.100	8.250
Aug. 21	14.150	16.175	52.000	8.250	8.100	8.250
Average	14.150	16.096	52.000	8.250	8.100	8.250

Average prices for calendar week ended Aug. 17 are: Domestic copper f.o.b. refinery, 14,150¢; export copper, f.o.b. refinery, 16.046¢; Straits tin, 52.000¢; New York lead, 8.250¢; St. Louis lead, 8.100¢; St. Louis zinc, 8.250¢ and silver, 90.125¢.

The above quotations are "E. & M. J. M. & M. M's" appraisal of the major United States markets, based on sales reported by producers and agencies. They are reduced to the basis of cash, New York or St. Louis, as noted. All prices are in cents per pound.

Copper, lead and zinc quotations are based on sales for both prompt and future deliveries; tin quotations are for prompt delivery only.

In the trade, domestic copper prices are quoted on a delivered basis: that is, delivered at consumers' plants. As delivery charges vary with the destination, the figures shown above are net prices at refineries on the Atlantic seaboard. Delivered prices in New England average 0.225c. per pound above the refinery basis.

Effective March 14, the export quotation for copper reflects prices obtaining in the open market and is based on sales in the foreign market reduced to the f.o.b refinery equivalent, Atlantic seaboard. On f.a.s. transactions we deduct 0.075c. for lighterage, etc., to arrive at the f.o.b. refinery quotation.

Quotations for copper are for the ordinary forms of wirebars and ingot bars. For standard ingots an extra 0.05c. per pound is charged; for slabs 0.075c. up, and for cakes 0.125c. up, depending on weight and dimensions; for billets an extra 0.75c up, depending on dimensions and quality. Cathodes in standard sizes are sold at a discount of 0.125c. per pound.

Quotations for zinc are for ordinary Prime Western brands. Contract prices for High-Grade zinc delivered in the East and Middle West in nearly all instances command a premium of 1c. per pound over the current market for Prime Western but not less than 1c. over the "E. & M. J." average for Prime Western for the previous month.

Quotations for lead reflect prices obtained for common lead only

Jackson to Rejoin Supreme Court

After a call on President Truman at the White House on Aug. 15, Associate Justice Robert H. Jackson, American prosecutor at the Nuremberg war crimes trials, who recently returned to this country, told reporters that he plans to be present when the Supreme Court reconvenes in October. However, Mr. Jackson added, according to Associated Press Washington advices, that he expects to return to Germany for the handing down of decisions by the war crimes tribunal, probably some time next month.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Aug. 21, a summary for the week ended Aug. 10, of complete figures showing the daily volume of stock transactions for odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended Aug. 10, 1946

	Total Per Week
Odd-Lot Sales by Dealers— (Customers' purchases)	
Number of orders	22,683
Number of shares	638,530
Dollar value	$29,811,169
Odd-lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sales	101
*Customers' other sales	19,327
Customers' total sales	19,428
Number of Shares:	
Customers' short sales	3,591
*Customers' other sales	535,887
Customers' total sales	539,478
Dollar value	$24,890,767
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	200
†Other sales	117,600
Total sales	117,800
Round-Lot Purchases by Dealers—	
Number of shares	233,410

*Sales marked "short exempt" are reported with "other sales."

†Sales to offset customers' odd-lot orders and sales to liquidate a long position which is less than a round lot are reported with "other sales."

NYSE Short Interest To August 15 Reported

The New York Stock Exchange made public on Aug. 20 the following announcement:

The short interest as of the close of business on the Aug. 15, 1946 settlement date, as compiled from information obtained by the New York Stock Exchange from its members and member firms, was 732,649 shares, compared with 849,698 shares on July 15, 1946, both totals excluding short positions carried in the odd-lot accounts of all odd-lot dealers. As of the Aug. 15, 1946 settlement date, the total short interest in all odd-lot dealers' accounts was 36,281 shares, compared with 50,881 shares on July 15, 1946.

The Exchange's report added:

"Of the 1,308 individual stock issues listed on the Exchange on Aug. 15, 1946, there were 46 issues in which a short interest of 5,000 or more shares existed, or in which a change in the short position of 2,000 or more shares occurred during the month."

The following table compiled by us shows the amount of short interest during the past year:

1945—	
June 15	1,554,069
July 13	1,420,574
Aug. 14	1,305,780
Sept. 14	1,327,109
Oct. 15	1,404,483
Nov. 15	1,566,015
Dec. 15	1,465,798
1946—	
Jan. 15	1,270,098
Feb. 15	1,181,222
Mar. 15	1,015,772
Apr. 15	994,375
May 15	1,022,399
June 15	867,891
July 15	849,698
Aug. 15	732,649

Spain Names Embassy Aide

Luis Garcia Guijarro was appointed commercial counselor of the Spanish Embassy in Washington on Aug. 14 on the recommendation of the Ministry of Industry and Commerce, according to United Press advices from Madrid appearing in the New York "Times."

Daily Average Crude Oil Production for Week Ended Aug. 17, 1946 Increased 21,300 Bbls.

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Aug. 17, 1946, was 4,842,750 barrels, an increase of 21,300 barrels per day over the preceding week and 68,750 barrels in excess of the daily average figure of 4,774,000 barrels estimated by the United States Bureau of Mines as the requirement for the month of August, 1946. The current figure, however, was 91,100 barrels per day lower than the output reported for the week ended Aug. 18, 1945. Daily production for the four weeks ended Aug. 17, 1946, averaged 4,867,900 barrels. The Institute further reports as follows:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,907,000 barrels of crude oil daily and produced 15,202,000 barrels of gasoline; 1,787,000 barrels of kerosene; 5,346,000 barrels of distillate fuel, and 8,389,000 barrels of residual fuel oil during the week ended Aug. 17, 1946; and had in storage at the end of the week; 87,036,000 barrels of finished and unfinished gasoline; 17,087,000 barrels of kerosene; 48,917,000 barrels of distillate fuel, and 51,827,000 barrels of residual fuel oil.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*B. of M. Calculated Requirements August	State Allowables Begin. Aug. 1	Actual Production Week Ended Aug. 17, 1946	Change from Previous Week	4 Weeks Ended Aug. 17, 1946	Week Ended Aug. 18, 1945
**New York-Penna.	48,000		51,100	+ 1,400	50,650	46,100
Florida	----		200	+ 50	200	200
**West Virginia	8,400		8,450	+ 450	7,650	7,100
**Ohio—Southwest	7,600		5,850	+ 150	4,450	5,200
Ohio—Other			2,550	----	2,500	2,700
Indiana	19,000		17,450	— 300	18,100	13,450
Illinois	215,000		204,500	— 6,250	209,100	205,100
Kentucky	31,000		30,450	— 600	30,900	28,850
Michigan	47,000		47,050	— 2,100	46,950	47,000
Nebraska	800		†750	----	750	850
Kansas	260,000	270,000	†277,450	+ 16,500	268,500	275,700
Oklahoma	384,000	387,220	†383,550	+ 1,050	382,700	391,000
Texas—						
District I			19,500	----	19,500	----
District II			155,100	----	156,350	----
District III			486,550	----	497,150	----
District IV			224,250	----	225,850	----
District V			43,050	----	43,500	----
East Texas			317,000	----	316,150	----
Other Dist. VI			105,600	----	106,550	----
District VII-B			32,650	----	32,400	----
District VII-C			27,900	----	27,950	----
District VIII			490,600	----	524,250	----
District IX			132,700	----	131,200	----
District X			84,800	----	84,950	----
Total Texas	2,120,000	‡2,164,526	2,119,700	----	2,165,800	2,223,300
North Louisiana			84,350	+ 750	83,700	69,350
Coastal Louisiana			303,800	----	302,400	295,700
Total Louisiana	380,000	427,000	388,150	+ 750	386,100	365,050
Arkansas	78,000	78,766	74,450	+ 750	73,850	79,950
Mississippi	60,000		71,300	+ 2,650	66,950	55,100
Alabama	2,200		1,150	+ 50	1,150	950
New Mexico—So. East	99,000	106,000	100,050	----	99,550	102,450
New Mexico—Other			450	----	500	450
Wyoming	110,000		113,050	+ 1,600	111,900	115,950
Montana	24,000		24,600	— 50	24,550	20,400
Colorado	30,000		40,600	+ 2,100	38,000	10,700
California	850,000	§847,400	879,900	+ 3,100	876,100	936,300
Total United States	4,774,000		4,842,750	+ 21,300	4,867,900	4,933,850
**Pennsylvania Grade (included above)			65,400	+ 2,000	63,750	58,400

*These are Bureau of Mines calculations of the requirements of domestic crude oil (after deductions of condensate and natural gas derivatives) based upon certain premises outlined in its detailed forecast for the month of August. As requirements may be supplied either from stocks or from new production, contemplated withdrawals from crude oil inventories must be deducted from the Bureau's estimated requirements to determine the amount of new crude to be produced. In some areas the weekly estimates do, however, include small but indeterminate amounts of condensate which is mixed with crude oil in the field.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m., Aug. 14, 1946.

‡This is the net basic allowable as of Aug. 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 5 to 10 days, the entire State was ordered shut down for 5 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 5 days' shutdown time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, KEROSINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED AUG. 17, 1946

(Figures in thousands of barrels of 42 gallons each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis

District—	% Daily Refin'g Capac. Report'g	Crude Runs to Stills Daily Av.	Crude Runs to Stills % Operated	§Gasoline Product'n at Ref. Inc. Nat. Blended	‡Finish'd and Unfin. Gasoline Stocks	‡Stocks of Kerosine	‡Stks. of Gas Oil & Dist. Fuel Oil	‡Stks. of Resid. Fuel Oil
East Coast	99.5	740	88.2	1,939	22,056	7,243	15,975	9,925
Appalachian—								
District No. 1	76.3	102	71.3	286	2,183	389	496	265
District No. 2	84.7	63	101.6	228	927	78	113	158
Ind., Ill., Ky.	87.4	789	90.7	2,765	15,571	2,765	7,189	4,745
Okla., Kan., Mo.	78.3	371	79.1	1,359	7,740	1,247	3,150	1,411
Inland Texas	59.8	224	67.9	924	2,605	440	537	821
Texas Gulf Coast	89.2	1,241	101.2	3,575	13,525	2,306	7,302	5,450
Louisiana Gulf Coast	97.4	343	106.9	1,151	4,677	1,377	2,667	1,543
No. La. & Arkansas	55.9	61	48.4	152	1,597	350	477	168
Rocky Mountain—								
District No. 3	19.0	12	92.3	40	90	20	43	48
District No. 4	70.9	117	70.9	412	1,416	180	503	731
California	85.5	844	84.9	2,371	14,649	692	10,465	26,562
Total U. S. B. of M. basis Aug. 17, 1946	85.8	4,907	88.3	15,202	*87,036	17,087	48,917	51,827
Total U. S. B. of M. basis Aug. 10, 1946	85.8	4,806	86.5	14,696	87,016	16,507	48,030	51,613
U. S. B. of M. basis Aug. 18, 1945		5,100		16,129	†85,983	12,359	38,799	45,216

*Includes unfinished gasoline stocks of 8,437,000 barrels. †Includes unfinished gasoline stocks of 10,907,000 barrels. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §In addition, there were produced during the week ended Aug. 17, 1946, a total of 1,787,000 barrels of kerosine, 5,346,000 barrels of gas oil and distillate fuel oil and 8,239,000 barrels of residual fuel oil, which compares with 1,919,000 barrels, 5,735,000 barrels and 8,201,000 barrels, respectively, in the preceding week and 1,672,000 barrels, 5,180,000 barrels and 9,910,000 barrels, respectively in the week ended Aug. 18, 1945.

Weekly Coal and Coke Production Statistics

The total production of soft coal in the week ended Aug. 17, 1946, as estimated by the United States Bureau of Mines, was 11,990,000 net tons, a decrease of 356,000 tons, or 2.9%, from the preceding week. In the week ended Aug. 18, last year, when time worked at the mines was equivalent to approximately 4.6 days, the total output amounted to 6,194,000 tons. This latter period included the V-J Day holiday. During the calendar through Aug. 17, 1946, the cumulative production of soft coal was approximately 315,911,000 net tons, which was a decrease of 14.5% when compared with the 369,646,000 tons mined in the comparable period of 1945 through Aug. 18.

Output of Pennsylvania anthracite for the week ended Aug. 17, 1946, as estimated by the Bureau of Mines, was 1,089,000 tons, a decrease of 166,000 tons (13.2%) from the preceding week. When compared with the production in the corresponding week of 1945 there was an increase of 591,000 tons, or 118.7%. The calendar year to date shows an increase of 9.8% when compared with the corresponding period of 1945.

The Bureau also reported that the estimated production of beehive coke in the United States for the week ended Aug. 17, 1946 showed an increase of 8,600 tons when compared with the output for the week ended Aug. 10, 1946; and it was 47,400 tons more than for the corresponding week of 1945.

ESTIMATED UNITED STATES PRODUCTION OF BITUMINOUS COAL AND LIGNITE (In Net Tons)

Bituminous coal & lignite—	Week Ended Aug. 17, 1946	Week Ended *Aug. 10, 1946	Week Ended Aug. 18, 1945	Jan. 1 to Date †Aug. 17, 1946	Jan. 1 to Date Aug. 18, 1945
Total, including mine fuel	11,990,000	12,346,000	6,194,000	315,911,000	369,646,000
Daily average	1,998,000	2,058,000	‡1,347,000	1,649,000	1,906,000
No. of cars load. f.o.b. mines	199,509	205,204	103,277	5,319,928	6,126,636

*Revised. †Subject to current adjustment. ‡Average based on 4.6 days.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE (In Net Tons)

Penn. Anthracite—	Week Ended ‡Aug. 17, 1946	Week Ended §Aug. 10, 1946	Week Ended Aug. 18, 1945	Calendar Year to Date Aug. 17, 1946	Calendar Year to Date Aug. 18, 1945	Calendar Year to Date Aug. 21, 1937
*Total, incl. coll. fuel	1,089,000	1,255,000	498,000	37,607,000	34,258,000	32,927,000
†Commercial produc.	1,047,000	1,207,000	479,000	36,156,000	32,939,000	31,281,000
Beehive Coke—						
United States total	120,900	112,300	73,500	2,342,200	3,837,000	2,297,300

*Includes washery and dredge coal and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Subject to revision. §Revised.

ESTIMATED WEEKLY PRODUCTION OF BITUMINOUS COAL AND LIGNITE, BY STATES, IN NET TONS

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

State—	Week Ended Aug. 10, 1946	Week Ended Aug. 3, 1946	Week Ended Aug. 11, 1945
Alabama	385,000	380,000	382,000
Alaska	7,000	7,000	5,000
Arkansas and Oklahoma	77,000	85,000	90,000
Colorado	106,000	101,000	138,000
Georgia and North Carolina	1,000	1,000	1,000
Illinois	1,355,000	1,352,000	1,297,000
Indiana	484,000	492,000	491,000
Iowa	27,000	31,000	40,000
Kansas and Missouri	110,000	128,000	128,000
Kentucky—Eastern	1,210,000	1,105,000	902,000
Kentucky—Western	398,000	350,000	355,000
Maryland	46,000	55,000	34,000
Michigan	3,000	4,000	2,000
Montana (bitum. & lignite)	56,000	72,000	92,000
New Mexico	28,000	26,000	27,000
North & South Dakoa (lignite)	29,000	31,000	38,000
Ohio	716,000	806,000	744,000
Pennsylvania (bituminous)	3,206,000	3,044,000	2,798,000
Tennessee	146,000	133,000	137,000
Texas (bituminous & lignite)	2,000	1,000	2,000
Utah	132,000	141,000	125,000
Virginia	398,000	380,000	327,000
Washington	25,000	21,000	24,000
†West Virginia—Southern	2,376,000	2,473,000	2,083,000
‡West Virginia—Northern	862,000	893,000	1,044,000
Wyoming	160,000	142,000	184,000
§Other Western States	1,00	1,000	*
Total bituminous & lignite	12,346,000	12,255,000	11,490,000

†Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay Counties. ‡Rest of State, including the Panhandle District and Grant, Mineral, and Tucker Counties. §Includes Arizona and Oregon. *Less than 1,000 tons.

Mortgage Financing in New York District

Non-farm mortgage financing in the district served by the Federal Home Loan Bank of New York reached $516,957,000 during the first half of 1946, an increase of 88% over the same period last year, Nugent Fallon, President of the Bank, reported on Aug. 16. The total for the six months exceeded the figure for the entire year of 1941, the report said.

The increases are accounted for by the heavy demands for credit to finance the purchase of homes in today's scarcity market, Mr. Fallon said, together with climbing prices of real estate, a growing volume of new construction and a rise in the volume of loans partly guaranteed by the Veterans' Administration under the GI Bill of Rights. The average mortgage recorded in the District for the half year amounted to $4,564 as compared with $3,864 in the first half of 1945. The advices from the Bank further said:

The report, which covers the activity of all types of mortgage lending institutions and individuals, shows that all lenders experienced an increase over their financing in the January-June period of 1945. The largest share of the aggregate of lending for the 1946 half year—26.2%—was credited to individual lenders. Savings and loan associations rank second with 25.9%. The estimates are derived from county reports of none-farm mortgage recordings of up to $20,000, compiled by the Federal Home Loan Bank Administration at Washington.

Following are the approximate number and dollar amount of recordings, by type of lender, in the district of the Federal Home Loan Bank of New York, which embraces New Jersey, New York, Puerto Rico and the Virgin Islands, for the first half of 1946:

	Number	Amount	Percent
Savings and loan associations	28,974	$133,902,000	26%
Insurance companies	2,416	13,957,000	3
Banks and trust companies	19,067	91,780,000	18
Mutual savings banks	16,142	90,940,000	17
Individuals	36,535	135,571,000	26
Other mortgagees	10,129	50,837,000	10
Total	113,263	$516,957,000	100%

McCarren-Sumners Law Analyzed by Trade Group

For the guidance of businessmen affected directly or indirectly by the activities of more than 130 Federal bureaus and agencies, the Chamber of Commerce of the State of New York has prepared an analysis of the recently-enacted McCarren-Sumners law requiring these agencies to follow established business-like procedures. The analysis is being distributed to members of the Chamber and to several hundred leading Chambers of Commerce and other business organizations throughout the country. In a letter embodying the analysis, Arthur M. Reis, Chairman of the Executive Committee of the Chamber, said:

"I am bringing this legislation to your attention because I am sure you are interested in knowing exactly how it benefits you as a businessman. I am passing along to you an analysis of the law, as made by the Chamber's Research Department, in the belief that it is a helpful contribution towards a better understanding of the effects of this legislation."

The analysis points out, among other things, (a) that for the first time Federal agencies are required to follow court-like procedures in holding hearings; (b) that any party directly affected by an agency's decision can now appeal to the courts and that the courts must redress a wrong and set aside "arbitrary or capricious" decisions; and (c) that Congress has laid down specific rules for review of appeals under which the facts of a case, as well as the agency's evidence, must be considered and the courts determine independently all the applicable points of law.

Referring to the work of the New York Chamber and other interested groups in bringing about these reforms, M. Reis' letter said: "In January, 1940 it (the New York Chamber) strongly urged the Congress to enact the somewhat similar Logan-Walter Bill which passed both Houses of Congress in 1939 and again in 1940, but on both occasions was vetoed by the late President Roosevelt. We and other participating groups did not let ourselves become discouraged; rather we intensified our efforts. Success was attained only after a long up-hill battle."

July Freight Traffic Exceeded June by 10%

The volume of freight traffic handled by Class I railroads in the first seven months of 1946, measured in ton-miles of revenue freight, was approximately 23% under 1945 and 24% less than in the corresponding period two years ago, according to a preliminary estimate based on reports received from the railroads by the Association of American Railroads. Freight traffic in the first seven months of 1946 totaled approximately 327,600,000,000 ton-miles compared with 425,456,502,000 ton-miles in the like period of 1945. Compared with two years ago, the decrease was 104,500,000,000 ton-miles.

July traffic amounted to about 55,000,000,000 ton-miles, a decrease of 9.4% compared with July, 1945. The amount of traffic handled by the Class I railroads in July this year, however, was practically double the volume carried in July, 1939.

The following table summarizes revenue ton-mile statistics for the first seven months of 1946 and 1945 (000 omitted):

	1946	1945	% Decr.
1st 5 mos.	222,575,659	302,161,133	26.3
June	*50,000,000	62,574,789	20.1
July	†55,000,000	60,720,580	9.4
Tot., 7 mos.	327,600,000	425,456,502	23.0

*Revised estimate. †Preliminary estimate.

Revenue Freight Car Loadings During Week Ended Aug. 17, 1946 Decreased 11,514 Cars

Loading of revenue freight for the week ended Aug. 17, 1946 totaled 887,570 cars the Association of American Railroads announced on Aug. 22. This was an increase of 234,738 cars or 36% above the corresponding week in 1945 which included V-J Day holiday. It also was an increase of 947 cars or one-tenth of 1% above the same week in 1944.

Loading of revenue freight for the week of Aug. 17 decreased 11,514 cars or 1.3% below the preceding week.

Miscellaneous freight loading totaled 381,705 cars a decrease of 745 cars below the preceding week, but an increase of 89,353 cars above the corresponding week in 1945.

Loading of merchandise less than carload lot freight totaled 119,897 cars a decrease of 3,741 cars below the preceding week, but an increase of 29,381 cars above the corresponding week in 1945.

Coal loading amounted to 181,006 cars, a decrease of 4,655 cars below the preceding week but an increase of 91,003 cars above the corresponding week in 1945.

Grain and grain products loading totaled 50,310 cars, a decrease of 3,552 cars below the preceding week and a decrease of 3,587 cars below the corresponding week in 1945. In the Western Districts alone, grain and grain products loading for the week of Aug. 17 totaled 35,326 cars, a decrease of 2,084 cars below the preceding week and a decrease of 2,637 cars below the corresponding week in 1945.

Livestock loading amounted to 15,704 cars a decrease of 505 cars below the preceding week but an increase of 1,520 cars above the corresponding week in 1945. In the Western Districts alone loading of livestock for the week of Aug. 17 totaled 12,015 cars a decrease of 184 cars below the preceding week, but an increase of 1,332 cars above the corresponding week in 1945.

Forest products loading totaled 51,612 cars an increase of 1,955 cars above the preceding week and an increase of 14,196 cars above the corresponding week in 1945.

Ore loading amounted to 73,701 cars, an increase of 126 cars above the preceding week and an increase of 10,784 cars above the corresponding week in 1945.

Coke loading amounted to 13,635 cars a decrease of 397 cars below the preceding week, but an increase of 2,088 cars above the corresponding week in 1945.

All districts reported increases compared with the corresponding week in 1945. All reported decreases compared with 1944 except the Eastern, Pocahontas and Southern.

	1946	1945	1944
4 weeks of January	2,883,620	3,003,655	3,158,700
4 weeks of February	2,866,710	3,052,487	3,154,116
5 weeks of March	3,982,229	4,022,088	3,916,037
4 weeks of April	2,604,552	3,377,335	3,275,846
4 weeks of May	2,616,067	3,456,465	3,441,616
5 weeks of June	4,062,911	4,366,516	4,338,886
4 weeks of July	3,406,874	3,379,284	3,459,830
Week of Aug. 3	898,395	863,910	889,594
Week of Aug. 10	899,084	870,002	895,181
Week of Aug. 17	887,570	652,832	886,623
Total	25,108,012	27,044,574	27,416,429

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Aug. 17, 1946. During this period 112 roads reported gains over the week ended Aug. 18, 1945.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS) WEEK ENDED AUG. 17)

Railroads	Total Revenue Freight Loaded 1946	1945	1944	Total Loads Received from Connections 1946	1945
Eastern District—					
Ann Arbor	364	313	245	1,335	1,247
Bangor & Aroostook	1,350	1,056	1,145	407	326
Boston & Maine	7,605	5,170	6,302	13,172	11,816
Chicago, Indianapolis & Louisville	1,427	956	1,384	2,114	1,953
Central Indiana	33	23	24	62	41
Central Vermont	1,105	875	1,035	1,999	1,988
Delaware & Hudson	5,131	2,716	4,765	10,822	9,780
Delaware, Lackawanna & Western	7,556	5,586	7,584	9,324	8,811
Detroit & Mackinac	396	202	244	287	133
Detroit, Toledo & Ironton	2,577	1,402	1,904	1,294	790
Detroit & Toledo Shore Line	404	237	349	2,662	2,024
Erie	12,682	9,371	13,046	15,479	13,650
Grand Trunk Western	4,954	2,931	3,598	7,532	7,074
Lehigh & Hudson River	69	137	144	2,765	2,405
Lehigh & New England	2,354	893	1,934	1,698	1,373
Lehigh Valley	8,767	5,594	8,211	8,275	9,380
Maine Central	3,025	2,085	2,317	2,789	2,722
Monongahela	5,418	3,386	5,884	268	288
Montour	2,645	1,332	2,563	26	20
New York Central Lines	52,377	37,763	50,837	51,569	39,829
N. Y., N. H. & Hartford	10,525	6,940	8,898	15,258	14,203
New York, Ontario & Western	904	794	1,256	2,714	3,094
New York, Chicago & St. Louis	7,308	4,680	6,561	13,518	12,400
N. Y., Susquehanna & Western	255	302	388	1,877	1,607
Pittsburgh & Lake Erie	6,958	4,647	7,425	8,725	6,251
Pere Marquette	6,920	4,393	5,237	6,886	6,677
Pittsburgh & Shawmut	1,285	455	1,015	49	11
Pittsburg, Shawmut & North	300	116	302	135	201
Pittsburgh & West Virginia	844	873	1,218	2,530	2,447
Rutland	402	253	363	1,165	1,069
Wabash	6,296	4,944	5,768	10,784	9,858
Wheeling & Lake Erie	6,019	3,867	5,812	4,056	3,874
Total	168,255	114,292	157,808	201,576	177,342
Allegheny District—					
Akron, Canton & Youngstown	601	501	738	1,461	1,024
Baltimore & Ohio	41,951	34,683	47,547	24,566	23,101
Bessemer & Lake Erie	5,694	4,108	6,045	2,600	1,643
Cambria & Indiana	1,403	233	1,351	10	8
Central R. R. of New Jersey	6,582	4,337	6,749	18,215	15,600
Cornwall	450	325	511	44	50
Cumberland & Pennsylvania	248	76	208	14	9
Ligonier Valley	76	61	153	15	54
Long Island	2,188	2,277	1,811	4,883	4,071
Penn-Reading Seashore Lines	1,784	1,346	1,878	1,911	2,075
Pennsylvania System	90,820	61,219	88,862	62,217	48,120
Reading Co.	14,888	9,479	14,085	24,334	22,022
Union (Pittsburgh)	19,058	10,646	18,809	6,559	5,137
Western Maryland	4,466	2,384	4,173	10,768	9,988
Total	190,209	131,675	192,940	157,997	132,902
Pocahontas District—					
Chesapeake & Ohio	35,404	17,710	30,192	14,780	11,307
Norfolk & Western	26,300	12,453	21,158	7,251	6,315
Virginian	4,664	2,418	4,365	1,511	2,009
Total	66,368	32,581	55,715	23,542	19,631
Southern District—					
Alabama, Tennessee & Northern	449	521	415	599	327
Atl. & W. P.—W. R. R. of Ala.	763	628	766	1,868	1,920
Atlanta, Birmingham & Coast	†	†	930	†	†
Atlantic Coast Line	13,624	9,824	10,678	8,600	8,816
Central of Georgia	3,902	3,304	3,683	4,306	4,104
Charleston & Western Carolina	533	443	473	1,409	1,515
Clinchfield	1,954	1,162	1,784	3,379	2,070
Columbus & Greenville	386	217	187	360	225
Durham & Southern	124	72	110	824	887
Florida East Coast	891	688	895	1,395	1,175
Gainesville Midland	100	45	57	83	111
Georgia	1,439	1,199	1,264	2,320	2,421
Georgia & Florida	617	16	660	752	1
Gulf, Mobile & Ohio	5,018	4,247	4,643	3,462	4,025
Illinois Central System	25,639	20,824	29,397	14,433	14,711
Louisville & Nashville	27,739	17,755	25,641	9,532	10,413
Macon, Dublin & Savannah	232	188	178	681	652
Mississippi Central	54	331	368	7	507
Nashville, Chattanooga & St. L.	3,856	2,912	3,007	3,822	3,699
Norfolk Southern	1,157	804	926	1,789	1,553
Piedmont Northern	417	337	359	1,668	1,048
Richmond, Fred. & Potomac	446	513	420	6,953	7,416
Seaboard Air Line	11,122	7,755	9,366	8,303	7,083
Southern System	27,105	20,513	24,349	25,299	30,692
Tennessee Central	783	533	722	347	767
Winston-Salem Southbound	136	132	137	1,021	1,116
Total	128,486	94,968	121,485	103,712	97,274
Northwestern District—					
Chicago & North Western	20,545	16,471	20,738	15,262	13,730
Chicago Great Western	2,527	1,993	2,863	3,499	3,159
Chicago, Milw., St. P. & Pac.	23,073	17,729	22,669	10,591	9,260
Chicago, St. Paul, Minn. & Omaha	4,175	3,227	3,526	4,256	4,390
Duluth, Missabe & Iron Range	24,643	23,413	27,440	349	236
Duluth, South Shore & Atlantic	755	847	1,051	610	513
Elgin, Joliet & Eastern	8,614	5,649	9,070	9,098	7,376
Ft. Dodge, Des Moines & South	488	280	392	144	61
Great Northern	21,818	19,713	25,781	7,377	8,027
Green Bay & Western	561	343	464	385	801
Lake Superior & Ishpeming	2,576	1,745	2,902	46	72
Minneapolis & St. Louis	2,471	1,854	2,230	2,612	2,364
Minn., St. Paul & S. S. M.	7,778	5,746	7,369	3,870	3,365
Northern Pacific	12,231	9,804	12,190	4,806	6,095
Spokane International	200	175	142	581	445
Spokane, Portland & Seattle	2,445	1,964	2,904	2,358	3,660
Total	134,910	110,953	141,551	66,344	63,554
Central Western District—					
Atch., Top. & Santa Fe System	26,953	22,836	27,643	11,911	13,339
Alton	2,661	2,931	3,520	3,842	3,082
Bingham & Garfield	202	102	206	34	54
Chicago, Burlington & Quincy	21,610	16,994	19,884	11,001	12,238
Chicago & Illinois Midland	3,231	1,269	2,766	611	835
Chicago, Rock Island & Pacific	13,629	11,050	13,517	12,105	12,576
Chicago & Eastern Illinois	2,892	1,911	2,829	3,217	4,396
Colorado & Southern	877	717	812	1,958	1,803
Denver & Rio Grande Western	3,783	2,883	4,437	4,910	6,248
Denver & Salt Lake	484	417	835	77	54
Fort Worth & Denver City	1,123	830	1,086	1,480	1,426
Illinois Terminal	1,863	1,676	2,308	1,770	1,995
Missouri-Illinois	1,394	1,040	1,343	495	648
Nevada Northern	1,264	359	1,687	102	86
North Western Pacific	1,115	816	1,239	845	918
Peoria & Pekin Union	19	16	3	0	0
Southern Pacific (Pacific)	32,974	26,882	34,184	10,815	12,784
Toledo, Peoria & Western	0	280	279	0	1,812
Union Pacific System	16,763	15,291	18,961	16,116	18,024
Utah	749	348	483	10	4
Western Pacific	2,000	1,587	2,191	3,202	4,739
Total	135,586	110,735	140,213	84,491	97,067
Southwestern District—					
Burlington-Rock Island	221	372	726	491	411
Gulf Coast Lines	3,888	3,500	5,539	2,519	2,208
International-Great Northern	2,167	2,272	2,487	3,007	3,027
‡K. O. & G., M. V. & O. C.-A.-A.	1,382	959	1,146	1,476	1,620
Kansas City Southern	3,256	3,460	5,246	3,033	2,852
Louisiana & Arkansas	2,639	2,500	4,044	2,209	2,437
Litchfield & Madison	348	263	289	1,520	1,268
Missouri & Arkansas	213	161	191	382	382
Missouri-Kansas-Texas Lines	5,656	5,446	6,223	3,972	4,260
Missouri Pacific	17,021	14,643	19,231	14,486	16,941
Quanah Acme & Pacific	151	93	82	212	318
St. Louis-San Francisco	10,332	8,552	10,026	7,934	7,485
St. Louis-Southwestern	2,720	2,906	3,413	4,371	5,566
Texas & New Orleans	9,321	7,845	12,504	5,624	5,427
Texas & Pacific	4,328	4,543	5,659	6,678	7,032
Wichita Falls & Southern	77	89	75	65	58
Weatherford &. W. & N. W.	36	19	45	9	35
Total	63,756	57,628	76,911	57,988	61,327

†Included in Atlantic Coast Line RR. ‡Includes Midland Valley Ry., Kansas, Oklahoma & Gulf Ry. and Oklahoma City-Ada-Atoka Ry.

NOTE—Previous year's figures revised.

Second Quarter Rayon Production Declined

Domestic rayon production in the second quarter this year amounted to 212,200,000 pounds, a figure only slightly below the record first quarter level but 5.8% above second quarter 1945, it was stated by the "Rayon Organon," published by the Textile Economics Bureau, Inc., on Aug. 9. In view of the adverse effects of the coal, rail, and other strikes during the second quarter, the report added the maintenance of rayon output at this high level was a notable achievement. Total rayon production for the first six months of this year at 425,000,000 pounds set a new half-year mark, exceeding first half output last year by 8% and second half 1945 production by 7%

The Textile Bureau's announcement of Aug. 9 further said:

Rayon filament yarn production at 166,900,000 pounds during the second quarter was 1% below first quarter output. Because of coal shortages at several viscose rayon yarn plants, as well as the reduced operations of caustic soda and other raw material suppliers as a result of the coal strike, second quarter viscose cupra yarn ouput was 2½% below first quarter level. In contrast, second quarter acetate yarn production attained a new quarterly record. exceeding the former peak level established in the first quarter by 2%. Similarly the production of staple fiber in the April-June period set a new record, surpassing the first quarter output by 4%.

Despite the lower output of filament yarn, shipments of this yarn to domestic trades in the second quarter amounted to 165,300,000 pounds, a new record. This accomplishment was made possible by a further depletion in the already low stocks of yarns in the hands of producers. Deliveries of textile-type yarns during the second quarter was 1% above the first quarter, while shipments of tire-type yarns to tire manufacturers declined 1% below first quarter level.

Exports of rayon yarn by producers during the second quarter at 3,300,000 pounds showed no change from the first quarter level. However, yarn exports by producers for the first six months of this year were 44% below those of the first half of 1945.

July Rayon Shipments Increase

At the same time the Textile Economics Bureau also reported that total domestic rayon shipments in July at 67,400,000 pounds 2% above June and 8% above July last year. From the "Organon" advices Aug. 9 we also quote:

"Filament yarn shipments in July amounted to 51,800,000 pounds, the same as in June; shipments of viscose-cupra yarn increased 4% above June, but acetate yarn shipments declined by 9%. This decrease in acetate yarn deliveries may be attributed chiefly to a decline in output as a result of an extended strike at one acetate yarn plant. July staple fiber shipments of 15,600,000 pounds were 10½% above the June level.

"At the end of July, producer-held stocks of rayon amounted to 10,200,000 pounds, of which 6,000,000 pounds were viscose-cupra yarn, 2,000,000 pounds acetate yarn, and 2,200,000 pounds staple fiber."

Commerce Dept. Aid To Small Business

A strengthened and expanded program of assistance to small business by the Department of Commerce was announced on Aug. 15 by Secretary Henry A. Wallace.

A factor in the announcement was the information that he has appointed Laurence F. Arnold, former Director of the Office of Small Business, as Assistant to the Secretary for Small Business, effective Aug. 1. Mr. Wallace said:

"In his new capacity, Mr. Arnold will be responsible for generally giving leadership to and coordinating the small business activities of the Department, including not only the activities of the Office of Small Business, but those of other bureaus and offices which are making important contributions to the small business program of the Department. He will direct all appropriate resources of the Department of Commerce toward building of a well-balanced and permanent prosperity, through a unified program of assistance to small business. We cannot have prosperity unless small business prospers and expands."

This program it is indicated will be brought to small businessmen throughout the nation by 75 Commerce field offices under the expanded field establishment announced by Secretary Wallace several weeks ago. Mr. Arnold who takes over the new office of Assistant to the Secretary for Small Business, is a former Illinois banker and businessman. He was a member of the Illinois General Assembly from 1923 to 1927 and again from 1933 to 1937. In 1936, he was elected to Congress where he served three terms. He was a Director and Acting General Manager of the Smaller War Plants Corporation when it was liquidated in Jan. 1946.

Succeeding Mr. Arnold as Director of the Office of Small Business is James L. Kelly, Secretary Wallace announced. Mr. Kelly a native of Bucyrus, Ohio, spent twelve years as the head of his own small manufacturing concern in Mt. Gilead, Ohio before he began his career in the government service in 1933. Prior to his new appointment, he was Director of the Disposal Policy Division of the War Assets Administration. Earlier, he was a Chief Examiner with the Budget Bureau.

RFC Aid to Small Business Reported

Continuing to gain headway, the Reconstruction Finance Corporation's program to assist small business resulted in 36,409 inquiries being received from enterprises in all sections of the country during April and May, an increase of nearly 50% over Feb. and March, when 24,503 such requests were received according to an RFC announcement issued Aug. 15, which continued:

"In his bi-monthly small business activities report to Congress and the President, for the period April 1 through May 31, 1946, Charles B. Henderson, Chairman of the RFC Board today attributed the upswing in inquiries to a general quickening of understanding of the types of small business assistance made available by the Corporation, in cooperation with banks and other lending institutions, and to the progress that is being made in industrial reconversion.

"During the period covered by the report, RFC acted upon 5,652 applications for surplus property assistance, completing 2,742 transactions involving $11,753,000, of which more than 50% were for veterans.

"Of 12,052 inquiries for financial assistance in one form or another, 7,133 were handled directly by RFC. Of the balance, 2,852 were referred to banks, in keeping with the provisons of the RFC Act, as amended. Of this number, banks made loans in 338 cases and 539 applications were referred back to the Corporation for further consideration. A total of 2,067 inquiries were of a type handled by other Government Departments and Agencies and RFC personnel cleared the way for speedy reference of such applications to the proper person or office.

"Of the total number of inquiries received by RFC, about two-thirds, or 24,357, were from enterprises seeking business management advice and counsel involving banking, credit, accounting, engineering, and for help in obtaining surplus property."

Collett With OWMR

John R. Steelman, director of the Office of War Mobilization and Reconversion, in announcing the reorganization of this bureau with the Office of Economic Stabilization, on Aug. 8 made known the appointment of Judge John Caskie Collet in an "overall capacity" with the OWMR. Judge Collet, who is a Missouri jurist, and who recently returned to Washington with President Truman from Missouri, was formerly Director of Economic Stabilization. According to Mr. Steelman, Judge Collet will help him administer the reconversion and stabilization functions of the office, "as long as he can remain away from his judicial post."

The New York "Times" of Aug. 9, in its advices in the matter, said:

"In addition to Judge Collet, Mr. Steelman will have a special assistant, three deputy directors and a general counsel, as well as a small administrative staff under the new setup. The Office of Economic Stabilization was merged with the OWMR when Mr. Steelman was appointed its director.

"Under the reorganization the top staff of the OWMR will consist of Harold Stein, deputy for production, stabilization and war liquidation; Donald Kingsley, deputy for fiscal policy, employment and social security, and Anthony Hyde, the present deputy director for information and reports, in addition to Commander Joseph L. Miller, special assistant to Mr. Steelman, and Edward J. Hayes, general counsel."

Wholesale Prices Rose 0.9% in Week Ended Aug. 17, 1946 Labor Department Reports*

"Wholesale prices rose 0.9% during the week ended Aug. 17, largely because of higher prices for foods," said the Bureau of Labor Statistics of the U. S. Department of Labor on Aug. 22. The advices added that "most commodity groups averaged slightly higher, despite downward adjustments to OPA ceilings for a few commodities. At 128.3% of the 1926 average, the index of commodity prices in primary markets prepared by the Labor Bureau was 13.8% above the end of June when price controls were suspended and 21.6% higher than at the end of the war." The Bureau further reported:

Farm Products and Foods. Average primary market prices of farm products rose 0.6% as increases for fresh fruits and vegetables, eggs, and raw cotton more than offset declines for grains, livestock and poultry. Egg prices increased seasonally and cotton quotations were up on reports of a short crop. Good demand for better qualities caused price advances for white potatoes. Buyer resistance to recent high prices and uncertainty regarding price controls after Aug. 20 were reflected in lower prices for most livestock. Corn quotations declined from recent peaks but prices of other grains were higher, as the shortage of railroad cars reduced shipments to market. The group index for farm products was 16.4% above the last week in June and 28.6% higher than at the end of the war.

Food prices, in large part still exempt from OPA control, rose 3.4% during the week. Cereal products were up 4.2% because of further increases for bread, reflecting earlier OPA adjustments, for rye flour, exempt from OPA control and for oatmeal, reflecting a recent ceiling increase. There were continued advances in prices of meats, butter, and cheese. Prices of powdered milk were higher. Edible tallow prices declined from recent high levels, but prices of lard and oleomargarine were higher. Since the end of June food prices have advanced 31.3% to a level 40.1% higher than at the end of the war.

Other Commodities. Average prices of all commodities other than farm products and foods were unchanged during the week. Prices of some cotton goods increased with advances in OPA ceilings to cover higher costs of raw cotton, while prices of cotton flannel dropped below recent uncontrolled prices. Shoe prices averaged slightly lower with reductions to ceiling for several types. Prices of sewing machines, stoves and agricultural implements were increased to new ceilings. There were advances for some petroleum products, fire and silica brick, track bolts, butts, and large rivets, all of which are exempt from OPA control. Prices of blasting powder, ammonium sulphate, and silver nitrate increased. Toluene prices decreased. There were declines for some cattle feeds and fertilizer materials. Common brick, plaster board, lime, and chrome yellow pigment were up with OPA ceiling increases. The group index for all commodities other than farm products and foods was 5.1% higher than at the end of June and 10.7% above a year ago.

CHANGES IN WHOLESALE PRICES BY COMMODITY GROUPS
FOR WEEK ENDED AUG. 17, 1946
(1926=100)

Commodity group—	8-17 1946	8-10 1946	8-3 1946	7-20 1946	8-18 1945	Percentage changes to Aug. 17, 1946, from— 8-10 1946	7-20 1946	8-18 1945
All commodities	128.3	127.1	125.0	142.2	105.5	+0.9	+ 3.3	+21.6
Farm products	163.3	162.3	156.5	159.2	127.0	+0.6	+ 2.6	+28.6
Foods	148.9	144.0	142.3	142.0	106.3	+3.4	+ 4.9	+40.1
Hides and leather products	138.4	138.3	143.0	133.3	118.5	+0.1	— 0.6	+16.8
Textile products	114.9	114.6	110.8	109.5	99.1	+0.3	+ 4.9	+15.9
Fuel and lighting materials	96.5	96.6	92.5	90.2	85.3	—0.1	+ 7.0	+13.1
Metal and metal products	113.7	113.5	113.1	113.2	104.8	+0.2	+ 0.4	+ 8.5
Building materials	132.7	132.4	132.0	132.5	117.8	+0.2	+ 0.2	+12.6
Chemicals and allied products	98.3	98.2	98.1	100.0	95.3	+0.1	— 1.7	+ 3.1
Housefurnishings goods	114.0	113.4	113.0	112.5	106.2	+0.5	+ 1.3	+ 7.3
Miscellaneous commodities	101.0	101.7	101.6	98.8	94.6	—0.7	+ 2.2	+ 6.8
Raw materials	146.3	145.7	140.6	141.4	116.9	+0.4	+ 3.5	+25.1
Semi-manufactured	110.5	110.4	109.0	108.5	95.4	+0.1	+ 1.8	+15.8
Manufactured products	122.9	121.3	120.6	118.9	102.1	+1.3	+ 3.4	+20.4
All commodities other than farm products	120.6	119.3	118.1	116.6	100.8	+1.1	+ 3.4	+19.6
All commodities other than farm products and foods	110.8	110.8	109.2	107.8	100.1	0	+ 2.8	+10.7

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM
AUG. 10, 1946 TO AUG. 17, 1946

Increases			
Other foods	10.8	Other textile products	1.0
Cereal products	4.2	Dairy products	0.7
Other farm products	2.9	Leather	0.6
Fruits and vegetables	2-1	Agricultural implements	0.5
Other miscellaneous	1.6	Iron and steel	0.4
Brick and tile	1.4	Other building materials	0.4
Furnishings	1.0	Cotton goods	0.2
Meats	1.0	Chemicals	0.2
Clothing	0.2		
Decreases			
Cattle feed	13.0	Grains	0.8
Livestock and poultry	1.9	Shoes	0.2
Fertilizer materials	0.1		

*Based on the BLS weekly index of prices of approximately 900 commodities which measures changes in the general level of primary market commodity prices. This index should be distinguished from the daily index of 28 basic materials. For the most part, the prices are those charged by manufacturers or producers or are those prevailing on commodity exchanges. The weekly index is calculated from one-day-a-week prices. It is designed as indicator of week-to-week changes and should not be compared directly with the monthly index.

Statutory Debt Limitation as of June 30, 1946

The Treasury Department made public on July 9 its monthly report showing that the face amount of public debt obligations issued under the Second Liberty Bond Act (as amended) outstanding on June 30, 1946 totaled $268,932,355,302, thus leaving the face amount of obligations which may be issued subject to the $275,000,000,000 statutory debt limitation at $6,067,644,698. In another table in the report, the Treasury indicates that from total gross public debt and guaranteed obligations of $269,898,484,032 should be substracted $966,-128,730 (outstanding public debt obligations not subject to debt limitation). Thus the grand total of public debt obligations outstanding as of June 30, 1946 amounted to $268,932,355,302.

The Treasury Department's announcement follows:

Section 21 of the Second Liberty Bond Act, as amended, provides that the face amount of obligations issued under authority of that Act, and the face amount of obligations guaranteed as to principal and interest by the United States (except such guaranteed obligations as may be held by the Secretary of the Treasury, "shall not exceed in the aggregate $275,000,000,000 outstanding at any one time. For purposes of this section the current redemption value of any obligation issued on a discount basis which is redeemable prior to maturity at the option of the holder shall be considered as its face amount."

The following table shows the face amount of obligations outstanding and the face amount which can still be issued under this limitation:

Total face amount that may be outstanding at any one time			$275,000,000,000
Outstanding June 30, 1946—			
Obligations issued under Second Liberty Bond Act, as amended:			
Interest bearing:			
Treasury bills	$17,038,939,000		
Certificates of indebtedness	34,803,825,000		
Treasury notes	24,972,292,100		
		$76,815,056,100	
Bonds—			
Treasury	$119,322,903,950		
Savings (current redemp. value)	49,034,697,588		
Depositary	426,851,000		
		168,784,452,538	
Special funds—			
Certificates of indebtedness	$10,794,500,000		
Treasury notes	11,537,344,000		
		22,331,844,000	
Total interest bearing		$267,931,352,638	
Matured, interest ceased		370,645,825	
Bearing no interest:			
War savings stamps	95,976,331		
Excess profits tax refund bonds	57,995,649		
		153,971,980	
Total		$268,455,970,443	
Guaranteed obligations (not held by Treasury)—			
Interest bearing:			
Debentures: FHA	$42,525,336		
Demand obligations: CCC	424,146,648		
		$466,671,984	
Matured, interest ceased		9,712,875	
		$476,384,859	
Grand total outstanding			268,932,355 302
Balance face amount of obligations issuable under above authority			$6,067,644,698

RECONCILEMENT WITH STATEMENT OF THE PUBLIC DEBT—JUNE 30, 1946
(Daily Statement of the U. S. Treasury, July 1, 1946)

Outstanding June 30, 1946:		
Total gross public debt		$269,422,099,173
Guaranteed obligations not owned by the Treasury		476,384,859
Total gross public debt and guaranteed obligations		$269,898,484,032
Deduct—Other outstanding public debt obligations not subject to debt limitation	$966,128,730	$268,932,355,302

Commercial Paper Outstanding in July

Reports received by the Federal Reserve Bank of New York from commercial paper dealers show a total of $130,800,000 of open market paper outstanding on July 31, 1946, compared with $121,400,000 on June 28, 1946, and $106,800,000 on July 31, 1945 the Bank reported on Aug. 13.

The following are the totals for the last two years:

1946—	$	1945—	$
July 31	130,800,000	July 31	106,800,000
Jun 28	121,400,000	Jun 29	100,800,000
May 30	126,000,000	May 31	102,800,000
Apr 30	148,700,000	Apr 30	118,500,000
Mar 29	171,500,000	Mar 30	146,700,000
Feb 28	178,200,000	Feb 28	157,300,000
Jan 31	173,700,000	Jan 31	162,400,000
		1944—	
1945—		Dec 30	166,000,000
Dec 31	158,900,000	Nov 30	166,900,000
Nov 30	156,100,000	Oct 31	141,700,000
Oct 31	127,100,000	Sep 29	140,800,000
Sep 28	111,100,000	Aug 31	140,900,000
Aug 31	110,200,000	July 31	142,900,000

Electric Output for Week Ended Aug. 24, 1946 8.0% Ahead of That for Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Aug. 24, 1946, was 4,444,040,000 kwh., which compares wih 4,116,049,000 kwh. in the corresponding week a year ago, and 4,422,242,000 kwh. in the week ended Aug. 17, 1946. The output for the week ended Aug. 24, 1946, exceeded that of the same week in 1945 by 8.0%.

PERCENTAGE INCREASE OVER SAME WEEK LAST YEAR

Major Geographical Divisions—	Week Ended— Aug. 24	Aug. 17	Aug. 10	Aug. 3
New England	11.2	25.9	4.4	5.3
Middle Atlantic	7.2	13.8	0.3	*2.0
Central Industrial	10.4	15.6	*1.0	*3.6
West Central	11.9	11.7	6.7	2.8
Southern States	6.6	7.9	0.3	*2.3
Rocky Mountain	6.8	15.4	9.9	6.2
Pacific Coast	4.4	7.3	*2.6	*3.6
Total United States	8.0	12.3	0.4	*1.8

*Decrease.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1946	1945	% Change under 1945	1944	1932	1929
May 4	4,011,670	4,397,330	— 8.8	4,233,756	1,436,928	1,698,942
May 11	3,910,760	4,302,381	— 9.1	4,238,375	1,435,731	1,704,426
May 18	3,939,281	4,377,221	—10.0	4,245,678	1,425,151	1,705,460
May 25	3,941,865	4,329,605	— 9.0	4,291,750	1,381,452	1,615,085
June 1	3,741,256	4,203,502	—11.0	4,144,490	1,435,471	1,689,925
June 8	3,920,444	4,327,028	— 9.4	4,264,600	1,441,532	1,699,227
June 15	4,030,058	4,348,413	— 7.3	4,287,251	1,440,541	1,702,501
June 22	4,129,163	4,358,277	— 5.3	4,325,417	1,456,961	1,723,428
June 29	4,132,680	4,353,351	— 5.1	4,327,359	1,341,730	1,592,075
July 6	3,741,006	3,978,426	— 6.0	3,940,854	1,415,704	1,711,625
July 13	4,156,386	4,295,254	— 3.2	4,377,152	1,433,903	1,727,225
July 20	4,293,280	4,384,547	— 2.1	4,380,930	1,440,386	1,732,031
July 27	4,352,489	4,434,841	— 1.9	4,390,762	1,426,986	1,724,728
Aug. 3	4,351,011	4,432,304	— 1.8	4,399,433	1,415,122	1,729,667
Aug. 10	4,411,717	4,395,337	+ 0.4	4,415,368	1,431,910	1,733,110
Aug. 17	4,422,242	3,939,195	+12.3	4,451,076	1,436,440	1,750,056
Aug. 24	4,444,040	4,116,049	+ 8.0	4,418,298	1,464,700	1,761,594
Aug. 31		4,137,313		4,414,735	1,423,977	1,674,588

Market Value of Bonds on New York Stock Exch.

The New York Stock Exchange announced on June 12, that as of the close of business May 31, there were 957 bond issues, aggregating $137,762,502,097 par value listed on the New York Stock Exchange, with the total market value of $143,943,768,509. This compares with the figures, as of April 30, of 964 bond issues, aggregating $138,-518,806,226 par value; total market value $143,904,400,671; average price 103.89.

In the following table listed bonds are classified by governmental and industrial groups with the aggregate market value and average price for each:

Group—	May 31, 1946 Market Value $	May 31, 1946 Average Price $	April 30, 1946 Market Value $	April 30, 1946 Average Price $
U. S. Government (incl. N. Y. State, Cities, etc.)	128,168,798,755	104.78	127,977,586,294	104.62
U. S. companies.				
Amusement	7,358,475	102.50	7,412,318	103.25
Automobile	3,895,000	102.50	3,895,000	102.50
Aviation	11,750,000	117.50	11,400,000	114.00
Chemical	2,926,000	104.50	2,901,500	103.63
Electrical equipment	20,350,000	101.75	20,350,000	101.75
Farm machinery	20,426,250	104.75	20,085,000	103.00
Financial	56,698,610	101.45	56,759,694	101.56
Food	246,650,067	104.57	245,576,154	104.12
Land and realty	14,756,645	94.29	14,452,040	92.35
Machinery and metals	3,997,170	103.50	8,715,338	102.39
Mining (excluding iron)	62,399,797	96.55	62,958,155	95.96
Paper and publishing	29,158,248	103.19	29,116,899	103.04
Petroleum	324,526,250	104.11	432,154,596	103.47
Railroad	8,108,723,438	97.64	8,134,361,674	97.80
Retail merchandising	1,932,552	143.38	2,740,730	122.00
Rubber	79,025,000	104.50	79,913,750	103.78
Shipping services	19,968,491	103.87	19,947,968	103.77
Steel, iron and coke	235,535,535	104.32	234,746,945	103.97
Textiles	41,900,000	104.75	41,600,000	104.00
Tobacco	238,402,217	106.11	243,459,075	105.59
Utilities:				
Gas and electric (operating)	2,910,882,894	107.06	2,919,982,554	106.93
Gas and electric (holding)	51,217,875	107.38	50,815,125	106.25
Communications	1,012,519,569	111.49	1,009,192,170	110.84
Miscellaneous utilities	135,232,613	89.07	118,127,435	86.34
U. S. companies oper. abroad	118,218,445	95.04	163,347,281	97.24
Miscellaneous businesses	24,035,000	104.50	23,977,500	104.25
Total U. S. companies	13,782,486,141	101.01	13,957,988,901	101.00
Foreign government	1,330,983,175	76.41	1,324,502,076	75.92
Foreign companies	661,500,436	101.14	644,323,400	102,14
All listed bonds	$143,943,768,509	104.49	143,904,400.671	103.89

The following table, compiled by us, gives a two-year comparison of the total market value and the total average price of bonds listed on the Exchange:

	Market Value $	Average Price $		Market Value $	Average Price $
1944—			1945—		
Apr. 29	95,305,318,075	100.31	May 31	114,857,381,979	103.01
May 31	93,849,254,814	100.62	June 30	114,767,523,198	103.45
June 30	96,235,324,054	100.53	July 31	130,074,758,528	102.97
July 31	102,284,657,208	100.71	Aug. 31	129,748,212,202	102.49
Aug. 31	102,328,885,992	100.74	Sep. 29	128,511,162,933	102.60
Sep. 30	102,017,012,414	100.61	Oct. 31	128,741,461,162	103.16
Oct. 31	101,801,493,498	100.71	Nov. 30	129,156,430,709	103.28
Nov. 30	101,377,604,946	100.92	Dec. 31	143,110,515,509	103.64
Dec. 31	112,620,708,662	101.35	1946—		
1945—			Jan. 31	145,555,685,231	104.75
Jan. 31	114,019,500,804	101.91	Feb. 28	146,523,982,940	105.19
Feb. 28	114,881,605,628	102.58	Mar. 30	146,180,821,869	104.75
Mar. 31	114,831,886,516	102.53	Apr. 30	143,904,400,671	103.89
Apr. 30	115,280,044,243	103.10	May 31	143,943,768,509	104.49

Civil Engineering Construction Totals $96,979,000 for Week

Civil engineering construction volume in continental United States totals $96,979,000 for the five-day week ending Aug. 22, 1946, as reported by "Engineering News-Record." This volume is 25% below the previous week, 322% above the corresponding four-day week of last year and 23% below the previous four-week moving average. The report issued on Aug. 22, continued as follows:

Private construction this week, $56,185,000 is 44% below last week and 916% above the week last year. Public construction, $40,-794,000 is 46% above last week and 127% greater than the week last year. State and municipal construction, $37,433,000, 51% above last week, is 339% above the 1945 week. Federal construction, $3,361,000, is 9% above last week and 64% below the week last year.

Total engineering construction for the 34-week period of 1946 records a cumulative total of $3,630,200,000, which is 196% above the total for a like period of 1945. On a cumulative basis, private construction in 1946 totals $2,201,787,000, which is 487% above that for 1945. Public construction, $1,428,413,000, is 68% greater than the cumulative total for the corresponding period of 1945, whereas state and municipal construction, $921,112,000, to date, is 346% above 1945. Federal construction, $507,301,000, dropped 21% below the 34-week total of 1945.

Civil engineering construction volume for the current week, last week and the 1945 week are:

	Aug. 22, 1946 (five days)	Aug. 15, 1946 (five days)	Aug. 23, 1945 (four days)
Total U. S. Construction	$96,979,000	$129,096,000	$22,990,000
Private Construction	56,185,000	101,189,000	5,034,000
Public Construction	40,794,000	27,907,000	17,956,000
State & Municipal	37,433,000	24,817,000	8,518,000
Federal	3,361,000	3,090,000	9,438,000

In the classified construction groups, waterworks, sewerage, earthwork, bridges, highways and industrial buildings gained this week over the previous week. Seven of the nine classes recorded gains this week over the 1945 week as follows: waterworks,, sewerage, bridges, highways, earthwork, industrial buildings and commercial buildings.

New Capital

New capital for construction purposes this week totals $13,012,000 and is made up of $12,146,000 in state and municipal bond sales and $866,000 in corporate securities. New capital for the 34-week period of 1946 totals $2,485,407,000, 58% more than the $1,569,340,000 reported for the corresponding period of 1945.

Supply and Distribution of Domestic and Foreign Cotton in the United States—Season of 1945-46

The preliminary report for the several items of the Supply and Distribution of Cotton in the United States for the 12 months ending July 31, 1946, is presented in the following tabular statements. Number I shows the principal items of supply and distribution; Number II the comparative figures of stocks held on July 31, 1945 and 1946; and Number III further details concerning the supply and the distribution. The quantities are given in running bales, except that round bales are counted as half bales and foreign cotton in equivalent 500-pound bales. LINTERS ARE NOT INCLUDED.

I.—COTTON GINNED, IMPORTED, EXPORTED, CONSUMED, AND DESTROYED IN THE UNITED STATES FOR THE 12 MONTHS ENDING JULY 31, 1946.

	Bales
Ginnings, from Aug. 1, 1945 to July 31, 1946	8,852,357
Net imports	342,036
Net exports (Does not include War Dep't Shipments)	3,530,909
Consumed	9,166,060
Destroyed (baled cotton)	60,000

II.—STOCKS OF COTTON IN THE UNITED STATES JULY 31, 1946 and 1945

	1946 (Bales)	1945 (Bales)
In consuming establishments	2,282,118	1,963,512
In public storages and at compresses	4,464,546	8,375,199
Elsewhere (partially estimated)[1]	775,000	825,000
Total	7,521,664	11,163,711

III.—SUPPLY AND DISTRIBUTION OF DOMESTIC AND FOREIGN COTTON IN THE UNITED STATES FOR THE 12 MONTHS ENDING JULY 31, 1946

	1946 (Bales)	1945 (Bales)
SUPPLY		
Stocks on hand Aug. 1, 1945, total		11,163,711
In consuming establishments	1,963,512	
In public storages and at compresses	8,375,199	
Elsewhere (partially estimated)[1]	825,000	
Net imports (total less 6,447 re-exports, year ending July 31)		342,036
Ginnings during 12 months, total		8,852,357
Crop of 1945 after July 31,1945	8,680,716	
Crop of 1946 to Aug. 1, 1946	171,641	
Aggregate supply		20,358,104
DISTRIBUTION		
Net exports (total less no re-imports, year ending July 31)		3,530,909
Consumed		9,166,060
Destroyed (baled cotton)		60,000
Stocks on hand July 31, 1946, total		7,521,664
In consuming establishment	2,282,118	
In public storages and at compresses	4,464,548	
Elsewhere (partially estimated)[1]	775,000	
Aggregate distribution		20,278,633
Excess of Supply over Reported Distribution[2]		79,471

[1]Includes cotton for export on shipboard but not cleared; cotton coastwise; cotton in transit to ports, interior towns, and mills; cotton on farms, etc.

[2]Excess of supply over reported distribution probably due in part to cotton exported but not included in the regular export declaration.

Note: Foreign cottons included in above items are 196,845 bales consumed; 123,939 on hand Aug. 1, 1945; and 152,668 on hand July 31, 1946.

Supply and Distribution Statistics for Linters Quantities are in running bales (Not included in cotton statistics above)

Stocks of linters August 1, 1945, were 378,551 bales; production during twelve months ending July 31, 1946—994,146; imports 212,681, exports 22,389; consumption 1,051,104; destroyed 500; and stocks July 31, 1946—422,200.

Weekly Statistics of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production. and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1946—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Percent of Activity Cumulative
May 4	229,120	174,501	605,288	101	96
May 11	155,747	165,911	591,206	97	96
May 18	159,370	162,563	595,427	92	96
May 25	131,133	152,203	565,225	93	96
June 1	142,001	139,693	567,068	85	96
June 8	186,073	160,607	591,496	96	96
June 15	136,211	161,240	567,087	98	96
June 22	157,746	163,148	560,916	97	96
June 29	166,050	166,841	558,129	98	96
July 6	160,587	118,542	596,425	70	95
July 13	127,832	141,476	599,527	87	95
July 20	149,547	158,210	588,429	94	95
July 27	149,965	161,405	575,590	95	95
Aug. 3	215,730	167,192	620,354	98	95
Aug. 10	156,766	163,034	610,459	96	95
Aug. 17	156,304	166,363	600,674	98	95

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Decontrol Board Aids

Announcement was made on Aug. 6 of the appointment to positions with the new Price Decontrol Board, of three former aides of Chester Bowles, formerly Economic Stabilizer. They include, according to Associated Press Washington advices: Walter S. Salant, of New York, Mr. Bowles' economic adviser until OPA expired and who will serve the new board in the same capacity; Brice Clemon of Hartford, Conn., former executive assistant to Mr. Bowles, who will serve as Acting Secretary of the Board, and Delmar Beman, who served as information director when Mr. Bowles was OPA head. He will act as director of information for the Decontrol Board.

The new board named David Cobb its General Counsel.

A fifth appointment is Harold Leventhal, Washington attorney, who was named adviser on procedural matters.

By voice vote, without debate, the Senate on July 29 confirmed President Truman's appointees for the three-man Price Decontrol Board, "Journal of Commerce" advices from Washington stated. The board consists of: Roy L. Thompson, President and the Federal Land Bank of New Orleans, named as Board Chairman; Daniel W. Bell, Washington banker and former Acting Director of the Budget and Under-Secretary of the Treasury, and George H. Mead, of Dayton, Ohio, Chairman of the Board of the Mead Corporation, pulp and paper manufacturers, and member of the Advisory Board of the Office of War Mobilization and Reconversion.

The board, which has the power to designate what commodities and other items are to continue under Office of Price Administration control, had as its first task the decision on recontrol Aug. 20 of most of the important items exempted until that date by the new law.

Fed. Judges' Pay Upped

Under legislation signed by President Truman on July 31, salaries of the nation's 300 Federal judges will be increased by $5,000 annually, from District Judges on up to the Supreme Court. Thus, the Associated Press reported from Washington, Chief Justice Vinson will receive $25,500 annually, and the Associated Judges $25,000. The pay of Circuit Court Judges goes up to $17,-500, and that of District Judges to $15,000. The Associated Press added.

One constitutional effect of the bill is to ban the appointment of present members of Congress to the Federal judiciary until next January at the earliest. In the case of some Senators they will have to wait as long as four-and-a-half years—until their present terms expire—before becoming eligible for any Federal Judgeship.

Under the Constitution (Article 1, Section 6), "No Senator or Representative shall, during the time for which elected, be appointed to any civil office under the authority of the United States which shall have been created or the emoluments whereof shall have been increased during that time." Department of Justice officials told a reporter that all the present members of the House become eligible for the judiciary at the expiration of their present terms next January, but that Senators whose terms continue beyond that time will have to wait.

The bill was passed by the Senate on July 17, and by the House without amendment July 20.

Operating Banks in U. S. Increased in '46

The number of banks operating in the United States and possessions increased by 15 during the first six months of 1946, Chairman Maple T. Harl of Federal Deposit Insurance Corporation announced on August 12. This increase, Mr. Harl said, is as large as that for the full calendar year 1945, the first year since 1934 when the number of operating banks increased. The announcement further says:

"During the first six months of 1946, there were established 73 new banks. Fifty-eight were lost through merger or voluntary liquidation. All but ten of the newly established banks were admitted to insurance.

"The 73 new banks opened in the first half of 1946 were widely distributed geographically. One or more new banks were opened in 26 States and Alaska. The States with the largest number opened were Illinois with 9; Georgia with 8; Texas with 6; and Iowa with 4. These are all States in which branch banks are prohibited except that in Iowa paying and receiving stations are permitted in towns without other banking facilities.

"Of the 14,740 banks in operation at the end of June 1946, 13,526, or 92% with deposits of approximately $150 billion were insured by the Federal Deposit Insurance Corporation."

Mr. Harl also stated that the number of insured banks increased by 32 during the first half of the year. In addition to the 73 new banks, 21 previously operating non-insured banks were admitted to insurance. Fifty insured banks ceased operating because of merger or voluntary liquidation and two withdrew from insurance, one by withdrawal from the Federal Reserve System without continuation of deposit insurance, and one by succession by a non-insured bank. The number of branch banking offices in operation on June 30, 1946, was less than the number on Dec. 31, 1945, Mr. Harl added, because of the closing of a large number of "facilities" which operated to serve our armed forces under arrangements with the Treasury.

Chairman Harl further stated that the country has been relatively free from bank failures since its inception. In fact, 27 months have now elapsed since a bank failure occurred in the United States. The last closing on account of inability to meet depositors' demands occurred in May 1944.

Lumber Movement—Week Ended August 17, 1946

According to the National Lumber Manufacturers Association, lumber shipments of 414 mills reporting to the National Lumber Trade Barometer were 3.6% below production for the week ending Aug. 17, 1946. In the same week new orders of these mills were 10.3% below production. Unfilled order files of the reporting mills amounted to 64% of stocks. For reporting softwood mills, unfilled orders are equivalent to 25 days' production at the current rate, and gross stocks are equivalent to 37 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 2.8%; orders by 1.3%.

Compared to the average corresponding week of 1935-1939, production of reporting mills was 7.5% above; shipments were 13.2% above; orders were 2.0% above.

Cottonseed Receipts to July 31

On Aug. 13 the Bureau of Census issued the following statement showing cottonseed received, crushed and on hand, and cottonseed products manufactured, shipped out, on hand and exported for the 12 months ended July 31, 1946 and 1945.

COTTONSEED RECEIVED, CRUSHED AND ON HAND (TONS)

State—	Received at mills, Aug. 1-*July 31 1945-46	1944-45	Crushed Aug. 1-July 31 1945-46	1944-45	Stocks at mills, July 31 1945-46	1944-45
United States	3,161,694	4,362,633	3,260,708	4,254,149	117,968	219,340
Alabama	254,030	272,748	259,561	269,329	4,631	10,556
Arizona	†	54,223	48,398	53,973	†	377
Arkansas	328,712	469,419	366,802	432,893	8,236	46,326
California	†	118,729	127,968	116,830	†	2,093
Georgia	294,068	362,956	301,661	364,355	10,860	18,453
Louisiana	113,618	174,355	115,034	174,574	340	1,756
Mississippi	547,848	709,602	553,005	706,770	12,249	18,398
North Carolina	163,301	289,010	173,236	281,117	5,195	15,130
Oklahoma	95,847	218,163	93,266	219,098	3,708	1,127
South Carolina	177,870	231,821	180,357	232,981	2,025	4,512
Tennessee	264,344	347,846	266,920	343,433	11,614	14,190
Texas	674,852	986,857	701,737	933,554	57,314	84,199
All other states	247,404	126,904	72,763	125,242	1,796	2,223

*Includes 2,558 and 7,400 tons destroyed during 1945-46 and 1944-45, respectively. Does not include 219,340 and 118,256 tons on hand Aug. 1, 1945 and 1944, respectively, nor 60,507 and 79,193 tons reshipped during the seasons 1945-46 and 1944-45.
†Included in all other States.

COTTONSEED PRODUCTS PRODUCED, SHIPPED AND STOCKS

Products—	Season	Stocks at beginning of Season Aug. 1	Produced Aug. 1-July 31	Shipped Aug. 1-July 31	Stocks July 31
Crude oil	1945-46	*55,121	1,016,647	1,017,597	†23,493
(thousand pounds)	1944-45	29,759	1,324,039	1,321,352	55,121
Refined oil	1945-46	‡275,625	§952,063	------	¶263,360
(thousand pounds)	1944-45	239,934	1,199,694	------	275,625
Cake and meal	1945-46	52,258	1,433,504	1,453,378	32,384
(tons)	1944-45	28,050	1,954,111	1,929,903	52,258
Hulls	1945-46	61,397	783,162	819,209	25,550
(tons)	1944-45	14,793	984,218	937,314	61,697
Linter	1945-46	18,576	**988,583	971,651	††35,508
(running bales)	1944-45	61,920	1,250,914	1,294,258	18,576
Hull fiber	1945-46	323	16,902	16,722	503
(500-lb. bales)	1944-45	476	20,742	20,895	323
Grabbots, motes, &c.	1945-46	2,451	43,237	43,941	1,747
(500-lb. bales)	1944-45	10,025	50,665	58,239	2,451

*Includes 11,323,000 pounds at oil mills, 37,297,000 pounds at refining and manufacturing establishments and 6,501,000 pounds in transit.

†Includes 10,373,000 pounds at oil mills, 10,858,000 pounds at refining and manufacturing establishments and 2,262,000 pounds in transit.

‡Includes 257,591,000 pounds at refining and manufacturing establishments and 18,034,000 pounds held elsewhere and in transit.

§Produced from 1,055,735,000 pounds of crude oil.

¶Includes 246,183,000 pounds at refining and manufacturing establishments and 17,177,000 pounds held elsewhere and in transit.

**Includes 260,807 bales first cut, 626,386 bales second cut and 101,390 bales mill run.

††Includes 20,977 bales first cut, 13,693 bales second cut and 838 bales mill run.

New Capital Issues in Great Britain

The following statistics have been compiled by the Midland Bank Limited. These compilations of issues of new capital, which are subject to revision, *exclude* all borrowings by the British Government; shares issued to vendors; allotments arising from the capitalization of reserve funds and undivided profits; sales of already issued securities which add nothing to the capital resources of the company whose securities have been offered; issues for conversion or redemption of securities previously held in the United Kingdom; short-dated bills sold in anticipation of long-term borrowings; and loans of municipal and county authorities which are not specifically limited. In all cases the figures are based upon the prices of issue.

NEW CAPITAL ISSUES IN THE UNITED KINGDOM
[Compiled by the Midland Bank, Ltd.]
(£000 Omitted)

	Qtr. to Sept. 30	Qtr. to Dec. 31	Total for Half-Year to Dec. 31	Qtr. to Mar. 31	Qtr. to June 30	Total for Half-Year to June 30	Total for Year to June 30
	English Pounds						
1935-36	68,311	28,468	96,779	60,612	48,372	108,984	205,763
1936-37	40,143	68,094	108,237	49,543	47,873	97,416	205,653
1937-38	29,410	44,080	73,490	33,105	40,946	74,051	147,541
1938-39	19,020	25,026	44,046	24,887	32,258	57,145	101,191
1939-40	8,041	1,108	9,149	2,203	865	3,068	12,217
1940-41	533	495	1,028	826	454	1,280	2,308
1941-42	928	117	1,046	157	503	660	1,706
1942-43	2,147	1,100	3,247	963	2,768	3,731	6,978
1943-44	4,304	549	4,852	1,967	310	2,277	7,129
1944-46	1,979	3,319	5,299	1,872	5,062	6,934	12,233
1945-46	4,451	9,083	13,534	17,521	29,057	46,578	60,112

(£000 Omitted)

	Total	Geographical Distribution United Kingdom	British Overseas Countries	Foreign Countries
	English Pounds			
1936, 1st half	108,984	99,733	8,478	773
2d half	108,237	91,075	14,875	2,287
1937, 1st half	97,416	80,661	15,633	1,122
2d half	73,490	58,107	9,305	6,078
1938, 1st half	74,051	56,139	14,916	2,996
2d half	44,046	36,607	6,368	1,071
1939, 1st half	57,145	39,906	17,018	221
2d half	9,149	3,429	1,295	4,425
1940, 1st half	3,068	2,716	157	195
2d half	1,028	828	200	----
1941, 1st half	1,280	1,031	249	----
2d half	1,046	896	150	----
1942, 1st half	660	660	----	----
2d half	3,247	3,211	36	----
1943, 1st half	3,731	2,503	588	639
2d half	4,852	4,555	57	240
1944, 1st half	2,277	2,149	128	----
2d half	5,299	4,539	269	491
1945, 1st half	6,934	5,271	642	1,021
2d half	13,534	11,690	1,844	----
1946, 1st half	46,554	39,861	6,418	275
July—				
1936	24,403	20,713	3,537	153
1937	20,305	14,557	4,623	1,125
1938	15,188	11,202	3,958	28
1939	2,800	1,697	1,103	----
1946	32,129	29,431	770	1,928

Market Value of Stocks on New York Stock Exchange in June

The New York Stock Exchange announced on July 5 that as of the close of business on June 28 there were 1,298 stock issues aggregating 1,686,463,543 shares listed on the New York Stock Exchange, with a total market value of $80,929,333,989. This compares with the figures as of May 31 of 292 issues aggregating 1,666,270,936 shares, with a total market value of $84,043,436,932.

In making public the July 5 announcement, the Stock Exchange continued:

"As of the close of business June 28, New York Stock Exchange member total net borrowings amounted to $731,845,197 of which $390,338,558 represented loans which were not collateralized by U. S. Government issues. The ratio of the latter borrowings to the market value of all listed stocks on that date was therefore 0.48%. As the loans not collateralized by U. S. Government issues include all other types of member borrowings, these ratios will ordinarily exceed the precise relationship between borrowings on listed shares and their total market value."

In the following table listed stocks are classified by leading industrial groups with the aggregate market value and average price for each:

Group—	June 28, 1946 Market Value $	Av. Price $	May 31, 1946 Market Value $	Av. Price $
Amusement	1,248,814,909	38.63	1,321,309,044	40.89
Automobile	6,079,925,006	47.45	6,439,069,831	50.89
Aviation	1,124,738,889	22.25	1,187,258,259	23.50
Building	1,185,337,811	49.09	1,242,669,099	52.27
Business and Office Equipment	744,882,331	55.88	768,909,939	57.68
Chemical	9,935,112,914	80.45	10,300,878,675	83.98
Electrical Equipment	2,280,548,916	42.46	2,395,776,884	44.60
Farm Machinery	1,072,754,541	75.28	1,105,054,563	77.55
Financial	1,483,440,302	30.04	1,538,462,922	31.29
Food	5,355,717,817	54,06	5,489,104,923	55.65
Garment	97,671,381	42.17	104,985,690	45.32
Land & Realty	89,326,686	14.28	96,435,605	15.42
Leather	367,807,394	41.43	389,365,030	45.38
Machinery & Metals	3,174,887,942	40.09	3,290,366,235	41.85
Mining (excluding iron)	2,358,085,817	36.84	2,486,904,315	38.85
Paper & Publishing	1,115,960,354	41.16	1,178,660,598	44.39
Petroleum	9,036,572,438	43.12	9,335,551,728	44.61
Railroad	6,267,005,935	55.07	6,433,104,860	56.53
Retail Merchandising	5,397,766,165	47.39	5,861,061,332	52.17
Rubber	881,847,886	74.98	926,967,099	80.88
Ship Building & Operating	197,915,985	28.64	203,031,362	32.80
Shipping Services	37,810,942	28.64	40,468,638	23.47
Steel, Iron & Coke	3,707,990,966	66.10	3,726,274,053	66.18
Textiles	1,231,829,677	55.45	1,321,064,423	60.15
Tobacco	1,803,915,930	62.14	1,885,314,142	64.95
Utilities:				
Gas & Electric (Operating)	3,655,776,515	38.18	3,709,000.511	38.79
Gas & Electric (Holding)	2,280,099,179	23.56	2,384,135,519	24.64
Communications	4,980,586,421	114.89	5,026,406,545	113.74
Miscellaneous Utilities	248,354,228	40.45	265,695,334	43.28
U. S. Cos. Operating Abroad	1,354,222,351	33.89	1,403,644,133	41.15
Foreign Companies	1,488,198,657	30.25	1,535,305,375	36.40
Miscellaneous Businesses	644,427,704	45.72	651,200,266	46.48
All Listed Stocks	80,929,333,989	47.99	84,043,436,932	50,44

We give below a two-year compilation of the total market value and the average price of stocks listed on the Exchange.

	Market Value $	Average Price $		Market Value $	Average Price $
1944—			1945—		
June 30	53,067,698,691	35.55	July 31	61,242,460,874	39.65
July 31	52,488,254,469	35.07	Aug. 31	64,315,140,586	41.55
Aug. 31	53,077,487,308	35.40	Sept. 29	67,065,130,865	43.17
Sept. 30	52,929,771,152	35.75	Oct. 31	69,560,968,600	44.23
Oct. 31	53,086,843,093	35.84	Nov. 30	72,729,703,313	46.13
Nov. 30	53,591,644,063	36.14	Dec. 31	73,765,250,751	46.33
Dec. 30	55,511,963,741	37.20			
			1946—		
1945—			Jan. 31	78,467,733,341	48.61
Jan. 31	56,585,846,293	37.84	Feb. 28	74,164,879,781	45.79
Feb. 28	59,680,085,110	39.84	Mar. 30	77,932,414,601	47.88
Mar. 31	57,383,487,905	38.15	Apr. 30	80,943,361,516	49.22
Apr. 30	61,496,723,658	40.68	May 31	84,043,436,932	50,44
May 31	62,430,603,026	40.64	June 28	80,929,333,989	47.99
June 30	62,636,685,716	40.68			

United States Savings Bonds Issued and Redeemed Through July 31, 1946

(Dollar amounts in millions—rounded and will not necessarily add to totals)

	*Amount Issued	*Amount Redeemed	†Amount Outstdg.	% Redeemed of Amount Issued
Series A-D:				
Series A-1935 (matured)	$255	$238	$17	93.33
Series B-1936	460	265	‡195	57.61
Series C-1937	571	146	425	25.57
Series C-1938	640	140	500	21.88
Series D-1939	990	188	802	18.99
Series D-1940	1,181	196	985	16.60
Series D-1941	511	73	438	14.29
Total Series A-D	4,608	1,246	3,362	27.04
Series E:				
Series E-1941	1,437	259	1,178	18.02
Series E-1942	6,521	1,860	4,661	28.52
Series E-1943	10,681	3,613	7.068	33.83
Series E-1944	12,543	4,166	8,377	33.21
Series E-1945	9,817	2,813	7,004	28.65
Series E-1946 (7 mo.)	§2,398	223	§2,175	9.30
Total Series E	43,397	12,935	30,463	29.81
Unclassified Redemptions:				
Series A-E	----	114	—114	----
Total Series A-E	48,005	14,294	33,711	29.78
Series F and G:				
Series F and G-1941	1,524	150	1,374	9.84
Series F and G-1942	3,170	338	2,833	10.66
Series F and G-1943	3,345	330	3,015	9.87
Series F and G-1944	3,679	235	3,444	6.39
Series F and G-1945	3,140	88	3,052	2.80
Series F and G-1946 (7 mo.)	1,910	2	1,908	.10
Total Series F and G	16,768	1,143	15,625	6.82
¶Total all series	64,774	15,437	49,336	23.83

*Includes accrued discount.
†Current redemption values.
‡Includes matured bonds which have not yet been presented for redemption.
§Includes $47 millions reported on public debt statement as "unclassified sales."
¶Includes Series A-1935 (matured) and therefore does not agree with totals under interest-bearing debt on Public Debt Statement.

Items About Banks, Trust Companies

The Pennsylvania Exchange Bank, New York announced the opening on Aug. 26 of its new branch office at 20 West 48th Street. The new office, which is opposite Rockefeller Plaza, has been opened to handle the banks business in that section. The main office is located at 8th Avenue and 26th Street.

Authorization given the Peoples Industrial Bank of New York, on Aug. 13 by the State Banking Department to issue capital notes due Aug. 15, 1951, in the aggregate principal amount of $2,000,000. The bank is located at 249 West 34th Street, New York.

The Union Square Savings Bank, at 20 Union Square, N. Y. on Aug. 21 applied for permission from the New York State Banking Department to open a branch office at 243-7 First Avenue, in New York City, the Department announced on Aug. 23.

The filing of an order granted by the Supreme Court of New York State on Aug. 12, declaring the International Trust Company, New York dissolved and its corporate existance terminated, was announced on Aug. 16 by the New York State Banking Department.

An announcement on Aug. 16 by the New York State Banking Department stated that on Aug. 9 approval given to the Oyster Bay Trust Company of Oyster Bay, N. Y. to a Certificate of Elimination of converted shares and providing for a reduction of capital stock from $220,300, consisting of 10,000 shares of preferred stock "A" of the par value of $5 each, 2,000 shares of preferred stock "B" of the par value of $18.75 each and 6,640 shares of common stock of the par value of $20 each, to $182,800 consisting of 10,000 shares of preferred stock "A" of the par value of $5 each and 6,640 shares of common stock of the par value of $20 each.

The election of William H. Harder as manager of the bond department and George M. Marvin as Assistant Secretary of the Buffalo Savings Bank, Buffalo, N. Y., was announced on Aug. 20 by President Myron S. Short, according to the Buffalo "Evening News" advices of Aug. 20 which also said in part:

Mr. Harder, who has been manager of the Buffalo office of the First Boston Corporation since 1938, will take the new post about Nov. 1. . . . Mr. Marvin joined the bank in 1941 and has specialized in FHA-insured mortgages and veterans' loans. Prior to 1941 he was with the FHA's Buffalo office.

The Union Center National Bank, of Union, N. J. on Aug. 12 has increased its capital from $100,000 to $250,000. The increase, according to a report issued on Aug. 19 by the Comptroller of the Currency, is brought about through a stock dividend of $100,000 and by the sale of $50,000 of new stock.

George Gund, President of the Cleveland Trust Co., of Cleveland, Ohio, was made known that the stockholders at a special meeting on Aug. 21 approved the purchase of assets and liabilities of the First National Bank in Painesville, Ohio, and the Lorain Street Bank in Cleveland. According to the Cleveland "Plain Dealer," from which this is learned, this was a routine step in consummation of the deals which were announced some time ago.

The Comptroller of the Currency in its bulletin issued Aug. 26, announced that the Canton National Bank of Canton, Ohio, on Aug. 22 increased its capital from $400,000 to $500,000 by a stock dividend of $100,000.

Horton Clifford Rorick, Chairman of the Board of the Spitzer-Rorick Trust & Savings Bank, of Toledo, Ohio, died on Aug. 18, at the age of 79. According to Toledo advices to the New York "Times" of Aug. 20, Mr. Rorick, in 1902 joined the banking firm of Spitzer & Co., which after nine years assumed the name of Spitzer, Rorick & Co. In 1911 the firm became the Spitzer-Rorick Trust and Savings Bank, with Mr. Rorick as President. He became Chairman of the Board in 1941, at which time his elder son, Marvin Rorick, became President and a younger son, Ceilan H. Rorick, became Vice-President.

W. V. Carroll, Vice-President of Chicago Title and Trust Company, of Chicago, Ill, has resigned, effective Sept. 1, to become associated with Milton H. Callner in the field of realty investments. Well known for many years in Chicago financial circles, Mr. Carroll is a graduate of Northwestern University. His business experience includes association with A. G. Becker & Company, Frazier, Jelke & Company, and W. B. McMillan & Company. He became associated with Chicago Title and Trust Company as Financial Officer in 1928. Albert Y. Bingham, Vice-President of the Chicago Title & Trust will assume general supervision of trust investments in addition to continuing his present duties on company investments. A native Chicagoan, Mr. Bingham is a graduate of the University of Illinois. He became associated with Chicago Title and Trust Company in 1942.

The Uptown National Bank, of Chicago, Ill. on Aug. 12, increased its capital stock from $600,000 to $750,000 by sale of new shares, it was made known by the Comptroller of the Currency on Aug. 19.

An increase in the capital stock of the First National Bank, of Joliet, Ill., from $300,000 to $400,000 by sale of $100,000 of stock was announced by the Comptroller of the Currency on Aug. 26.

Announcement was made on Aug. 16 regarding the second suburban bank to be established in Fort Worth by interests associated with the Fort Worth National Bank, Fort Worth, Texas. The new bank for which charter has already been granted will be known as the West Side State Bank. It will have a capital of $125,000, surplus $100,000 and undivided profits $25,000, or total capital funds of $250,000. The officers of the new institution will be E. E. Bewley, President; C. F. Fry, Vice-President, and Phil Tillery, Cashier. Mr. Fry is now Assistant Cashier of the Fort Worth National Bank in charge of its Credit Department and Mr. Tillery is presently in the Personal Loan Department. Both have been with the Fort Worth National Bank for a number of years. Directors of the new bank are: E. E. Bewley, R. E. Harding, Ben Eastman, L. N. Wilemon, Raymond C. Gee, J. E. McKinney and C. F. Fry.

RFC Limits Time for War Damage Claims

The Reconstruction Finance Corporation announced on Aug. 9 that all claims for free compensation for loss or damage to property in the Territories or possessions of the United States must be presented to War Damage Corporation before Oct. 16, 1946. Such compensation is allowable only for losses that occurred after Dec. 6, 1941 and before July 1, 1942 as a result of enemy attack, said the Corporation's advices Aug. 9 which also had the following to say:

It is urged that all repatriated internees (except permanent residents of Guam) from the Pacific Island Naval bases on Wake, Guam, and other United States possessions, and the widows and next of kin or personal representatives of deceased internees, present their claims to War Damage Corporation's Claims Service Office at 300 Montgomery Street, San Francisco 4, Calif., 99 John Street, New York 7, N. Y., or 175 West Jackson Boulevard, Chicago 4, Ill., as promptly as possible, and not later than Oct. 15, 1946. Such claims may be presented by mail or in person, and the Claims Service Offices mentioned will render assistance to claimants in the preparation of claims, will furnish on request all necessary information and forms, and will refer claimants who are located at a distance from the principal Claims Service Offices to the locals Claims Service Offices nearest their places of residence.

This announcement is not applicable to claims for compensation for losses that occurred in the Philippine Islands, authority regarding which has been extended to the recently-organized Philippine War Damage Commission. It was stated that nothing in this announcement will operate to revive any right which has expired by reason of undue delay in presenting notice of loss or proof of loss.

July Cotton Consumption

The Census Bureau at Washington on Aug. 21 issued its report showing cotton consumed in the United States, cotton on hand and active cotton spindles in the month of July.

In the month of July, 1946, cotton consumed amounted to 729,958 bales of lint and 93,798 bales of linters as compared with 792,661 bales of lint and 82,954 bales of linters in June and 672,973 bales of lint and 103,747 bales of linters in July, 1945.

In the 12 months ending July 31, cotton consumption was 9,166,060 bales of lint and 1,051,104 bales of linters, which compares with 9,567,932 bales of lint and 1,481,329 bales of linters in the corresponding period of a year ago.

There were 2,282,118 bales of lint and 255,354 bales of linters on hand in consuming establishments on July 31, 1946, which compares with 2,280,942 bales of lint and 288,747 bales of linters on June 30, and 1,963,512 bales of lint and 246,564 bales of linters on July 31, 1945.

On hand in public storage and at compresses on July 31, 1946, there were 4,464,543 bales of lint and 56,347 bales of linters, which compares with 5,381,566 bales of lint and 60,776 bales of linters on June 30 and 8,375,199 bales of lint and 26,987 bales of linters on July 31, 1945.

There were 21,985,298 cotton spindles active during July, which compares with 21,942,878 cotton spindles active during June, 1946, and with 22,029,282 active cotton spindles during July, 1945.

From Washington Ahead of the News

(Continued from first page)

would be the problem it is today. His superficiality caused him to think that everything would be all right if he could only sell himself to Stalin, make him laugh. He did this, we are told, at Churchill's expense.

There is some question as to whether Mrs. Perkins didn't realize the tremendous smallness of her benefactor. He told her once that he didn't understand the Russians and wished she would find out all she could about them. She asked a lot of people and reported back to the Great Leader.

The old and widely smeared Cliveden Set of Britain and the Daladier government of France knew the score. They saw Hitler and Stalin as two equal menaces and it was their plan to play them off against each other. Churchill saw it this way, too, but he was so ambitious to be Prime Minister, that he joined up with those who wanted to attack Hitler. But when he became Prime Minister he still wanted to wage the war in a way that Russia would not come out the problem she is now. But "Papa" Roosevelt knew better. Churchill was just an old Tory for advocating the strategy which he did.

You can really get a pretty good picture of Roosevelt's size by the way he sought to impress son Elliot the night before his meeting with Churchill. A lot of us know Son Elliot and this writer can think of no one, except perhaps the crowd at the Stork Club, with the disposition or the time to want to impress Elliot on anything. It is almost inconceivable that the President of the United States would seek to impress Elliot, even though Elliot was his son. It is a fact, however, that Roosevelt went to great lengths to impress his subordinates. He was well educated, that is, he had gone to school a lot and had read a lot of books. He spoke French and it was his wont frequently to greet his subordinates with a French phrase. There is no doubt that this impressed them and that they took it for greatness. Invariably, following his trips he would regale these subordinates with stories about the "big" men he had met. Always the point would be that he dominated them.

If there should be any doubt about the pathetic nature of the legacy he has left us, one has only to contemplate the Yugoslavia episode. Only a few weeks ago we read that some American, visiting Belgrade, had gratified Tito's long expressed desire. He had given him a Tommy gun. Yet this little bandit is permitted to kill Americans and to hold others captive. There is tremendous excitement and a thrill of pride when we hear that an ultimatum has been issued by our government. Then we learn with utter disgust that in the event the ultimatum is not complied with, we intend to tell the United Nations about it. Stalin has a veto there against any action. But we are assured by the global thinkers that the airing before the United Nations will really put Tito and Russia on the spot before world opinion. What world opinion? The only world opinion that would know anything about it would be in this country, Britain and France, and we have our doubts as to that opinion in France.

The mightiest nation in the world stands helpless before a little bandit who is thrilled to get a Tommy gun. The mightiest nation in the world accepts a horde of uneducated, poorly civilized people, the Russians, where university learning is how to drive a truck, as an equal world power, and our statesmen spend all their time arguing and pleading with a little dialectic squirt, Molotov. And Mrs. Roosevelt, in her column, wonders where we have been remiss. What has become of that delightful *entente cordiale* which we had during the war, when we were giving the Russians everything they wanted? She can't understand it, yet she was only recently a powerful influence in our affairs.

Devaluation of Chinese National Currency

Stating that China's highly inflated national currency took another upward spiral on Aug. 19 in the wake of new exchange rates, Associated Press advices from Shanghai on that date as given in the New York "Journal of Commerce" went on to say:

Excitement prevaded the financial world as Premier T. V. Soong announced the new rate of 3,350 Chinese dollars would supplant the old rate of 2,020 to one United States dollar.

Premier Soong announced that the general objective of the new rate, together with removal of duties on exports authorized this week, was to restore a better balance between China's exports and imports and to stimulate domestic production.

He said the Chinese Government intends to sustain the domestic value of its newly revalued currency by operations in the gold market.

(An American loan to the Chinese Government to help stabilize its currency was one of the purposes of Gen. George Marshall's mission, provided settlement of issues between the Government and Communist Party was assured.)

It appeared that quick adjustment of prices to meet the new devaluation almost immediately offset benefits of the new rate.

Life Ins. Sales Show 73% Gain in July

Life insurance purchases in the United States in July showed an increase of 73% over purchases in the corresponding month of last year and were more than double the aggregate reported for July in prewar 1941, it is reported by the Life Agency Management Association of Hartford, Conn. Total purchases in July were $1,952,159,000, compared with $1,127,506,000 in July of last year and $946,249,000 in July, 1941, said the report. The Institute also says:

"Purchases of ordinary life insurance in July were $1,343,402,000, up 72% over July a year ago and well over twice the total in July, 1941. Industrial life insurance purchased in July amounted to $323,851,000, an increase of 38% over the corresponding month last year and 24% over July, 1941. Group life insurance purchases were $284,896,000 in July, an increase of 159% over July a year ago and 175% over the figure for July, 1941. These purchases represent new groups set up and do not include additions of insured personnel under group insurance contracts already in force.

"In the first seven months of the year total life insurance purchases were $12,427,722,000, an increase of 51% over the first seven months of 1945 and 92% over the corresponding period of 1941. Purchases of ordinary life insurance accounted for $9,103,226,000 of the seven months' aggregate, an increase of 61% over last year and well over twice the 1941 total. Industrial life insurance purchases represented $2,319,965,000 of the current year's total, an increase of 25%, as compared with last year, while group life insurance purchases amounted to $1,004,531,000, an increase of 38%, as compared with the first seven months of last year."